



China Evergrande New Energy Vehicle Group Limited

(Incorporated in Hong Kong with limited liability)

(Stock code : 00708)

INTERIM REPORT 2023





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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

Corporate and Shareholder Information

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

15th Floor, 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
(the “**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

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Financial Calendar

Announcement of interim results: 25 August 2023

Director's Report

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 had also operated in the health management business, which was discontinued and the disposal of such business was completed in May 2023.

The Group also actively responds to the national strategy of building a strong country through science and technology, and forayed into the new energy automobile industry with a huge market scale by forward planning. Dedicated to the global R&D and promotion of new energy vehicles applications, the Group adheres to its vision of “achieving world-class core technology and proprietary intellectual property rights” in terms of its core technologies, and its goal of “achieving world-class product quality” in terms of quality, and has established a full industry chain of new energy vehicles covering automobile manufacturing, electric motor control, vehicle sales, smart charging and other aspects. Through the closed loop of technology and data, the Group will create an intelligently connected mobile space of “car and home integration”, and establish Hengchi as a world-renowned Chinese automobile brand.

For the six months ended 30 June 2023 (the “**Reporting Period**”), the Group had continued to focus on the high-quality production and delivery of the Hengchi 5 model, carry out improvements and streamlining of the production management system and to lay a solid foundation for future mass production. Among all orders under the pre-sale of Hengchi 5, which was commenced in July 2022, over 760 units were delivered during the Reporting Period. In terms of R&D achievements, the Group had applied for a total of 3,512 patents in similar fields of study worldwide, 2,715 of which have been granted patents.

Business Review

In the first half of 2023, China's new energy vehicle market continued to grow. According to the data published by the China Association of Automobile Manufacturers, in the first half of 2023, the global production and sales volume of new energy vehicles were 3.79 million vehicles and 3.75 million vehicles respectively, representing both an increase of 42.4% and a market share of 44.1%. In terms of government policies launched in support of the industry, in 2023, the government departments issued the Circular on the Organisation 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 Revitalisation 《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 Optimisation 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稅減免政策的公告》, to support industry development of new energy vehicles. Considering the market potential and the support received from both the industry and government policies, the Group will strive to seize such industry opportunities, and continue to strengthen its R&D efforts, further improve product layout and fully promote the growth of its new energy vehicle business.

R&D aspects:

During the Reporting Period, the Group had 457 scientific research personnel. The Group's research and development business has been further focused, fully ensuring the continuous improvement of the product quality of Hengchi 5, the first mass-produced model, completing the second OTA upgrade of the whole vehicle, pushing a number of intelligent driving functions, and improving user experience in an all-round way. At the same time, the Group has been promoting the development and verification of subsequent models, continuously optimize software management, car networking, charging and other operating platforms, and gradually form a Hengchi big data platform.

Director's Report

In terms of Smart Internet and In-Vehicle Software design, during the Reporting Period, the Group continued to make improvements. The cockpit system H-Smart 1.0 and the intelligent assisted driving system H-Pilot 1.0 have been mass-produced and released. The main functions are completed. In January 2023, it achieved the first software OTA upgrade, improved functions, and optimized user experience. In March, the L2 level function of intelligent assisted driving was launched to realize 14 functions such as FSRA full-speed adaptive cruise, LKA lane keeping, HWA highway assistance, and the test and calibration of L2+ level functions, which will be launched in second half of 2023; at the same time, it will realize cloud services such as Telematics Service Provider (TSP), Hengchi App mass production and operation, diagnosis on the cloud, and remote control of cars; define and develop new versions of software to support software sales and service subscription packages; plan the next-generation electronic and electrical architecture, including assisted driving H-Pilot 2.0 architecture and cockpit H-Smart 2.0 solution, etc.

Manufacturing aspects:

During the Reporting Period, the Group's Tianjin manufacturing base continued the mass production of Hengchi 5. The Group focuses on the continuous improvement of the Tianjin manufacturing base, to ensure product quality; that production and delivery is orderly and well-managed; and to further improve the skill level of its operators in order to further enhance productivity, quality and efficiency. Both the Shanghai manufacturing base and the Guangzhou manufacturing base formulated an equipment management plan based on the downtime management system. The equipment in each workshop should be turned on once every quarter for dynamic test runs and equipment maintenance.

Sales of new energy vehicles:

As at 30 June 2023, the Group had established over 60 sales shops set up in 33 key cities such as Shanghai, Guangzhou, Tianjin, Beijing, Shenzhen and Chongqing, by continuing its direct + authorised agent model to build the sales channel network for Hengchi. The Group also continued its strategic cooperation agreements with Huasheng and Bosch automobile maintenance chain brands to maintain the coverage of its aftersales service outlets.

Charging Services:

The Hengchi App of the Group maintained its relationship with the Xingluo (星絡) charging platform, and accessed to the State Grid, Southern Power Grid, Teld (特來電) and Star Charging (星星充電), etc., providing customers with intelligent functions such as one-click charging station enquiry, guidance for staggered charging, route navigation and charging reservation.

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

Outlook

In the future, the Group will fully promote the mass production and delivery of Hengchi 5. The Group will continue to lay a solid foundation for R&D. While accelerating the R&D of core technologies to lead the innovation and development of smart electric vehicle technology, it will also continue to focus on the R&D of new models to provide users with more forward-looking smart electric vehicle products that integrate technological aesthetics. The Group will strive to promote the improvement of the manufacturing level of the Tianjin manufacturing base, improve the quality system, and ensure quality production and delivery. In the field of sales, the Group will further expand sales channels, open up overseas markets, and constantly improve the Group's sales and after-sales services.

Director's Report

Forward Looking Statements

There can be no assurance that any forward-looking statements regarding the Group set out in this report or any of the matters set out therein are attainable, will actually occur or 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 of the Company who is in doubt is advised to seek advice from professional advisors.

Appreciation

The Board would like to express its sincere gratitude to the Company's shareholders, investors, employees and business partners for their continuous support.

By Order of the Board

China Evergrande New Energy Vehicle Group Limited

SIU Shawn

Chairman

Hong Kong, 25 August 2023

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

Management Discussion and Analysis

Financial Review

I. Liabilities

The total liabilities as at 30 June 2023 were RMB75,692.16 million. Among which:

1. Borrowings

As at 30 June 2023, the Group's borrowings amounted to RMB26,997.15 million, representing an increase of RMB1,011.98 million compared to RMB25,985.17 million as at 31 December 2022.

Part of the borrowings is secured by the property and equipment, land use rights, properties under development and equity interests of several subsidiaries within the Group. As at 30 June 2023, the average annual interest rate of the borrowings was 7.1% (31 December 2022:7.65%).

2. Trade and Other Payables

As at 30 June 2023, the Group's trade and other payables amounted to RMB42,273.48 million, representing an increase of RMB11,477.30 million compared to RMB30,796.18 million in 31 December 2022.

3. Other Liabilities

As at 30 June 2023, the Group's other liabilities amounted to RMB6,421.53 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 RMB154.54 million, representing an increase of 540.98% as compared to the restated revenue of RMB24.11 million in the six months ended 30 June 2022. Such an increase in revenue was mainly attributable to the commencement in the sales of the Group's Hengchi 5 model. For such reasons, the sales in vehicles and vehicles components increased from RMB0.29 million in six months ended 30 June 2022 to RMB113.37 million during the Reporting Period. On the other hand, the revenue generated from technical services was RMB27.98 million during the Reporting Period.

2. Gross loss

During the Reporting Period, the Group's gross loss was RMB60.88 million, representing an increase of 531.54% as compared to a gross loss of RMB9.64 million for the six months ended 30 June 2022, which was mainly attributable to the increase in the prices of core parts such as batteries and chips; the lack of large-scale production leading to higher manufacturing costs.

3. Other income, net

Other income during the Reporting Period was RMB51.09 million.

4. Other losses, net

Other losses, net during the Reporting Period were RMB330.82 million, due to losses related to the recovery of land, liquidated damages and other losses.

5. Selling and marketing expenses

Selling and marketing expenses of the Group increased by 44.08% from RMB130.34 million in six months ended 30 June 2022 to RMB187.80 million during the Reporting Period, mainly due to an increase in sales promotion and branding expenses for the Hengchi 5.

Management Discussion and Analysis

6. *Administrative expenses*

Administrative expenses of the Group decreased by 15.54% from RMB1,108.18 million in six months ended 30 June 2022 to RMB935.92 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 RMB4.27 million, mainly due to the Group's corresponding provisions for other receivables and prepayments of third parties.

8. *Net impairment losses on inventories*

The net impairment losses on inventories of the Group during the Reporting Period were RMB40.94 million, mainly due to the provision for impairment on battery inventories based on the prudence principle.

9. *Net impairment losses on property, plant and equipment and intangible assets*

The Group's net impairment losses on property, plant and equipment and intangible assets was RMB3,303.62 million during the Reporting Period, mainly due to the provision for impairment on intangible assets.

10. *Finance costs, net*

The net finance cost of the Group during the Reporting Period was RMB964.35 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 RMB36.49 million.

During the Reporting Period, for the reasons stated above, the Group recorded a loss of RMB5,812.12 million from continuing operations, representing an increase of 50.09% as compared to the losses made in six months ended 30 June 2022, mainly due to the provision for impairment on inventories, plant and equipment and intangible assets based on the prudence principle.

(II) Discontinued Operation Held for Sale

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

In summary, the Group recorded a loss of RMB6,873.05 million during the Reporting Period.

Other Analysis

Capital Institutions, Liquidity and Financial Resources

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

As at 30 June 2023, the Group had borrowings and lease liabilities (collectively "**total borrowings**") amounting to approximately RMB27,553.22 million.

As at 30 June 2023, the Group's gearing ratio was 64.30%. Gearing ratio was calculated as total borrowings divided by total assets.

Management Discussion and Analysis

Capital commitments, Significant Investments, Pledge of Assets

As at 30 June 2023, the Group had capital commitments of approximately RMB13,071 million for the construction of the Group's bases and the purchase of fixed assets in Tianjin, Shanghai, Guangzhou and other regions across the country.

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

As at 30 June 2023, the Group's borrowings of RMB7,573 million were secured by pledge of the Group's property, plant and equipment, right-of-use assets, properties under development and equity interests of certain subsidiaries, totalling at RMB13,872 million.

Material Litigation

As at 30 June 2023, the Group had a total of 48 pending litigation cases which involved more than RMB30 million each, and the total amount involved was approximately RMB10,887 million.

Failure to repay debts due

As at 30 June 2023, the Group's unpaid debts due amounted to approximately RMB9,341 million. In addition, as at 30 June 2023, the Group's overdue commercial bills amounted to approximately RMB3,591 million.

Employee and Share Option Scheme

As at 30 June 2023, the Group had a total of 1,597 employees, and staff with a bachelor's degree or above accounted for approximately 92%. It incurred a total staff cost (including Directors' remuneration) of approximately RMB313.85 million during the Reporting Period (the first half of 2022: RMB937.98 million).

The employees were remunerated in accordance with the Group's remuneration and welfare policies with reference to the positions of employees, performance, profitability of the Company, industry level and market environment.

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. The total number of shares available for issue under the Share Option Scheme is 864,000,000, which represents approximately 7.97% of the issued shares as at the date of this interim report. The total number of options available for grant under the scheme mandate of the Share Option Scheme as at 1 January 2023 and 30 June 2023 were 475,400,000 and 564,400,000 respectively. Since its adoption and up to 30 June 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 30 June 2023, a total of 752,200,000 share options were granted under the Share Option Scheme, amongst which: (i) a total of 299,600,000 share options granted under the Share Option Scheme had not been exercised; (ii) a total of 452,600,000 share options granted under the Share Option Scheme had lapsed; and (iii) no share option granted under the Share Option Scheme had been cancelled.

Management Discussion and Analysis

Significant Investments, Material Acquisition and Disposal

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

On 24 April 2023, the Company entered into a sale and purchase agreement with Anxin Holding Limited (the “**Purchaser**”) and China Evergrande Group, pursuant to which the Purchaser conditionally agreed to purchase, and the Company conditionally agreed to sell as the beneficial owner, one issued share of each of Assemble Guard Limited (“**Assemble Guard**”) and Flaming Ace Limited (“**Flaming Ace**”), representing the entire issued share capital of Assemble Guard and Flaming Ace respectively, at the consideration of RMB2 (the “**Disposal**”). The Disposal was completed on 12 May 2023 (after the general meeting held on the same day). For further details of the Disposal, please refer to the announcements of the Company dated 24 April 2023, 25 April 2023, 10 May 2023 and 12 May 2023 and the circular of the Company dated 25 April 2023.

Save for those disclosed in this report, there were no other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period. As at 30 June 2023, the Group did not hold any significant investments and there was no future plan authorised by the Board for other material investments or additions of capital assets.

Foreign Exchange Risk

The Company mainly operates in China and collects revenues and pays costs/fees in RMB; therefore, exchange rate fluctuations have certain influence on the foreign currency reserve. The Group has currently not entered into any hedging arrangement against foreign exchange exposure. Please refer to note 4 to the condensed consolidated interim financial information in this report for details.

Contingent Liabilities

As at 30 June 2023, the Group did not have any material contingent liabilities (as at 30 June 2022: Nil).

Interim Dividend

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

Interim Results Review

The condensed consolidated financial information of the Group for the six months ended 30 June 2023 has been reviewed by the audit committee of the Company (the “**Audit Committee**”), which comprises three independent non-executive Directors of the Company.

Management Discussion and Analysis

Subsequent Events After the Reporting Date

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 and Mr. Hui Ka Yan (“**Mr. Hui**”) entered into the share subscription agreement (the “**Share Subscription Agreement**”), pursuant to which the Company has conditionally agreed to allot and issue, and NWTN Inc. has 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 ordinary shares of the Company (the “**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 represents the subscription price of HK\$0.6297 per Subscription Share.

On 14 August 2023 (after trading hours), China Evergrande Group and Mr. Hui delivered to NWTN Inc. a deed on voting control duly executed by China Evergrande Group and Mr. Hui (the “**Deed on Voting Control**”), and NWTN Inc. delivered to China Evergrande Group 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.

The Share Subscription remains subject to the approval by the Shareholders in the general meeting. Completion of the Share Subscription will not take place unless and until all conditions precedent (including but not limited to obtaining the relevant regulatory approvals) have been satisfied or (if applicable) waived.

Conversion of loans provided by China Evergrande Group, 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 China Evergrande Group, Mr. Hui, Xin Xin, Ms. Ding and Good Bond, pursuant to which each of them has conditionally agreed to subscribe for, and the Company has 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 China Evergrande Group, 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 entered into among the Company and China Evergrande Group, Mr. Hui, Xin Xin, Ms. Ding and Good Bond on 14 August 2023.

Management Discussion and Analysis

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 China Evergrande Group to the Company plus the interest accrued on the outstanding principal amount of such loan up to and including 14 August 2023 in the sum of US\$294,474,434 (equivalent to approximately HK\$2.3 billion) will be converted into 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 China Evergrande Group (or the immediate holding company of the Company as designated by China Evergrande Group, i.e. Evergrande Health Industry Holdings Limited, a subsidiary of China Evergrande Group) to be deposited into custody accounts in relation to the mandatory exchangeable bonds to be issued by China Evergrande Group 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 China Evergrande Group 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 will be converted into 690,104,166 new Shares (representing approximately 4.24% of the total number of Shares after the completion of the Loan Conversion) at HK\$3.84 per Share and be issued to Mr. Hui and Xin Xin to be deposited into custody account and used as additional exchange property, and (iii) the outstanding principal amount of the loan provided by Ms. Ding and Good Bond to the Company of HK\$2,200,000,000 will be converted into 572,916,666 new Shares (representing approximately 3.52% of the total number of the issued Shares after completion of the Loan Conversion) at HK\$3.84 per Share to be issued to Ms. Ding and Good Bond. The new Shares will be issued upon completion of the Loan Conversion.

The Loan Conversion remains subject to approval by the Shareholders in the general meeting. Completion of the Loan Conversion will not take place unless and until all the conditions precedents (including but not limited to obtaining relevant regulatory approvals) have been satisfied.

Please refer to the announcements of the Company dated 14 August 2023 for details.

* *For identification purpose only*

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

Corporate Governance and Other Information

Disclosure of Directors' Information Under Rule 13.51B(1) of the Listing Rules

Directors

During the Reporting Period and up to the date of this report, the directors of the Company are as follows:

Executive Directors

Mr. Siu Shawn (*Chairman of the Board*)

Mr. Liu Yongzhuo (*Vice Chairman of the Board*)

Mr. Qin Liyong

Independent Non-executive Directors

Mr. Chau Shing Yim, David

Mr. Guo Jianwen

Mr. Xie Wu

During the Reporting Period, there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

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 Reporting Period 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.

Corporate Governance and Other Information

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

Grantees	Date of grant (Note 1)	Exercise price (HK\$)	Closing price of the Company's listed shares immediately before the grant date of options (HK\$)	The weighted average closing price of the Company's listed shares for the five business days preceding the date of grant (HK\$)		Exercise Period	Number of share options				Outstanding as at 30 June 2023
				Outstanding as at 1 January 2023	Granted during the period		Exercised during the period	Cancelled and Lapsed during the period			
Siu Shawn, an executive Director	6 November 2020	HK\$23.05	HK\$23.05	HK\$21.98	6 November 2020 to 5 November 2030	20,000,000	N/A	0	0	20,000,000	
Liu Yongzhuo, an executive Director	6 November 2020	HK\$23.05	HK\$23.05	HK\$21.98	6 November 2020 to 5 November 2030	20,000,000	N/A	0	0	20,000,000	
Qin Liyong, an executive Director	6 November 2020	HK\$23.05	HK\$23.05	HK\$21.98	6 November 2020 to 5 November 2030	2,000,000	N/A	0	0	2,000,000	
Chau Shing Yim, David, an independent non-executive Director	20 September 2021	HK\$3.90	HK\$2.90	HK\$3.90	20 September 2021 to 19 September 2028	300,000	N/A	0	0	300,000	
Guo Jianwen, an independent non-executive Director	20 September 2021	HK\$3.90	HK\$2.90	HK\$3.90	20 September 2021 to 19 September 2028	300,000	N/A	0	0	300,000	
Xie Wu, an independent non-executive Director	20 September 2021	HK\$3.90	HK\$2.90	HK\$3.90	20 September 2021 to 19 September 2028	300,000	N/A	0	0	300,000	
Employees of the Group	6 November 2020	HK\$23.05	HK\$23.05	HK\$21.98	6 November 2020 to 5 November 2030	132,640,000	N/A	0	32,370,000	100,270,000	
	15 June 2021	HK\$32.82	HK\$31.35	HK\$32.82	15 June 2021 to 14 June 2031	44,420,000	N/A	0	10,460,000	33,960,000	
	20 September 2021	HK\$3.90	HK\$2.90	HK\$3.90	20 September 2021 to 19 September 2028	168,640,000	N/A	0	46,170,000	122,470,000	
Total						388,600,000	N/A	0	89,000,000	299,600,000	

Note 1: The vesting period of the share options is from the date of grant until the commencement of the exercise period.

Corporate Governance and Other Information

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

As at 30 June 2023, the interest and short position of the Directors of the Company in any shares, underlying shares or 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 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 Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 (“Model Code”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“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	0.20%
Qin Liyong	Beneficial owner ^(Note 2)	3,386,000	0.03%
Siu Shawn	Beneficial owner ^(Note 3)	24,600,000	0.23%
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 30 June 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.

Corporate Governance and Other Information

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	China Evergrande Group (“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%
Siu Shawn	CEG	Beneficial owner	20,600,000 ^(Note 5)	0.16%

Notes:

As at 30 June 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.
- (5) Mr. Siu Shawn was interested in 20,600,000 shares of CEG, which were represented by share options.

Save as disclosed above, as at 30 June 2023, none of the Directors had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations that were required to be notified to the Company and the 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 Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions

As at 30 June 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 person(s) 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: Of 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.

Corporate Governance and Other Information

Corporate Governance

Corporate Governance Code

The Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the Reporting Period, except as disclosed below.

Code Provision B.2.2 stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. No annual general meeting of the Company had been held since 18 June 2021. Therefore, no Directors have been subject to retirement and re-election by the Shareholders at the annual general meeting. An annual general meeting of the Company will be held on 5 September 2023, for the retirement and re-election of Directors.

Code provision F.2.2 stipulates that the chairman of the Board should attend the annual general meeting, and invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committees (as appropriate) to attend. No annual general meeting of the Company had been held since 18 June 2021. An annual general meeting of the Company will be held on 5 September 2023.

Model Code for Securities Transactions

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

Purchase, Sale or Redemption of the Company's Listed Securities

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

Publication of the Unaudited Interim Results and Reports of the Company

The Company's interim results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at <https://www.irasia.com/listco/hk/evergrandevehicle/>. The interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

Independent Auditor's Report



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

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 20 to 58, which comprises the condensed consolidated balance sheet of China Evergrande New Energy Group Limited (the "**Company**") and its subsidiaries (the "**Group**") as at 30 June 2023 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting ("**HKAS 34**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with 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.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Auditor's Report

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to note 2 to the interim condensed consolidated financial statements in respect of the going concern basis adopted in the preparation of the interim condensed consolidated financial statements. The Group recorded net current liabilities of approximately RMB36,605 million as at that date (as at 31 December 2022: approximately RMB75,614 million). These conditions, together with the other matters set out in note 2 to the interim condensed consolidated financial statements, indicate that there are significant uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The Group is implementing various measures to improve its liquidity. The directors of the Company, having considered the measures taken by the Group, are of the opinion that the Group has the ability to continue as a going concern. In respect of this matter, our conclusion has not been modified.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Prism Hong Kong and Shanghai Limited

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

25 August 2023, Hong Kong

Interim Condensed Consolidated Balance Sheet

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	14,782,366	14,536,900
Right-of-use assets	7	2,684,569	2,921,112
Investment properties	8	—	—
Intangible assets	9	1,770,512	4,477,860
Prepayments	11	61,366	192,426
Investments accounted for using the equity method	14	—	—
Financial assets at fair value through profit or loss	15	172,024	259,321
Deferred income tax assets		—	8,956
		19,470,837	22,396,575
Current assets			
Trade and other receivables and prepaid taxes	10	19,729,328	4,598,222
Prepayments	11	68,742	54,477
Properties under development	12	2,817,567	2,449,924
Inventories		553,176	521,892
Financial assets at fair value through profit or loss	15	96,095	134,300
Restricted cash	13(a)	19,626	19,390
Cash and cash equivalents	13(b)	96,886	219,941
		23,381,420	7,998,146
Assets of discontinuing operation classified as held for sale	32	—	84,826,534
Total current assets		23,381,420	92,824,680
Total assets		42,852,257	115,221,255
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	16	28,124,101	28,124,101
Reserves	18	44,802,662	2,181,456
Accumulated losses		(105,771,289)	(98,906,331)
		(32,844,526)	(68,600,774)
Non-controlling interests	31	4,619	(50,088)
Total deficit		(32,839,907)	(68,650,862)

Interim Condensed Consolidated Balance Sheet

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	7	219,471	283,823
Deferred income	20	2,655,533	2,781,150
Borrowings	21	12,773,880	12,312,127
Deferred income tax liabilities		56,364	56,364
		15,705,248	15,433,464
Current liabilities			
Contract liabilities		3,066,146	3,313,647
Lease liabilities	7	336,602	339,261
Trade and other payables	19	42,273,480	30,796,181
Borrowings	21	14,223,268	13,673,042
Current income tax liabilities		87,420	1,314,239
Liabilities of discontinuing operation classified as held for sale	32	—	119,002,283
		59,986,916	168,438,653
Total liabilities		75,692,164	183,872,117
Total deficit and liabilities		42,852,257	115,221,255

The above condensed consolidated balance sheet should be read in conjunction with the accompanying note.

The condensed consolidated interim financial information on pages 20 to 58 were approved by the Board of Directors on 25 August 2023 and were signed on its behalf by:

SIU SHAWN
Director

LIU YONGZHUO
Director

Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Revenue	5	154,539	24,106
Cost of sales		(215,415)	(33,748)
Gross loss		(60,876)	(9,642)
Other income, net		51,090	17,112
Other losses, net	23	(330,823)	(346,950)
Selling and marketing expenses		(187,795)	(130,336)
Administrative expenses		(935,916)	(1,108,178)
Net impairment losses on financial assets		(4,267)	—
Net impairment losses on inventories		(40,944)	—
Net impairment losses on property, plant and equipment and intangible assets		(3,303,620)	(181,972)
Operating loss		(4,813,151)	(1,759,966)
Finance income	24	587	5,876
Finance costs	24	(964,935)	(921,361)
Finance costs, net	24	(964,348)	(915,485)
Fair value losses on financial assets at fair value through profit or loss		(36,485)	(1,184,577)
Loss before income tax		(5,813,984)	(3,860,028)
Income tax credit (expenses)	25	1,865	(12,365)
Loss for the period from continuing operations		(5,812,119)	(3,872,393)
Discontinued operation held for sale			
Loss for the period from discontinued operation held for sale		(1,060,929)	(9,492,520)
Loss for the period		(6,873,048)	(13,364,913)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		(547,155)	(1,407,980)
Total comprehensive loss for the period		(7,420,203)	(14,772,893)

Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Loss for the period attributable to owners of the Company:			
— From continuing operations		(5,804,029)	(3,869,258)
— From discontinued operation held for sale		(1,060,929)	(9,492,520)
		(6,864,958)	(13,361,778)
Loss for the period attributable to non-controlling interest:			
— From continuing operations		(8,090)	(3,135)
— From discontinued operation held for sale		—	—
		(8,090)	(3,135)
Total comprehensive loss attributable to:			
Owners of the Company		(7,412,113)	(14,769,758)
Non-controlling interests		(8,090)	(3,135)
		(7,420,203)	(14,772,893)
Loss per share from continuing operations and discontinued operation held for sale (expressed in RMB cents per share)			
— Basic loss per share	27	(63.308)	(123.221)
— Diluted loss per share	27	(63.308)	(123.221)
Loss per share from continuing operations (expressed in RMB cents per share)			
— Basic loss per share	27	(53.524)	(35.682)
— Diluted loss per share	27	(53.524)	(35.682)

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying note.

Interim Condensed Consolidated Statement of Changes In Equity

	Attributable to owners of the Company					Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000		
Balance 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 period	—	—	—	(6,864,958)	(6,864,958)	(8,090)	(6,873,048)
Other comprehensive loss	—	—	(547,155)	—	(547,155)	—	(547,155)
Total comprehensive loss	—	—	(547,155)	(6,864,958)	(7,412,113)	(8,090)	(7,420,203)
Transactions with owners in their capacity as owners							
Share-based compensation (note 17)	—	—	92,360	—	92,360	—	92,360
Disposal of subsidiaries (note 33)	—	—	43,076,001	—	43,076,001	62,797	43,138,798
Total transactions with owners in their capacity as owners	—	—	43,168,361	—	43,168,361	62,797	43,231,158
Balance at 30 June 2023	250,936	27,873,165	44,802,662	(105,771,289)	(32,844,526)	4,619	(32,839,907)

Interim Condensed Consolidated Statement of Changes In Equity

	Attributable to owners of the Company					Non-controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000		
Balance 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 period	—	—	—	(13,361,778)	(13,361,778)	(3,135)	(13,364,913)
Other comprehensive loss	—	—	(1,407,980)	—	(1,407,980)	—	(1,407,980)
Total comprehensive loss	—	—	(1,407,980)	(13,361,778)	(14,769,758)	(3,135)	(14,772,893)
Transactions with owners in their capacity as owners							
Transfer to statutory reserve	—	—	2	(2)	—	—	—
Share-based compensation (note 17)	—	—	431,384	—	431,384	—	431,384
Capital injection from non-controlling interests (note 31)	—	—	—	—	—	92,611	92,611
Changes in ownership interests in subsidiaries without change of control	—	—	59,439	—	59,439	(90,960)	(31,521)
Total transactions with owners in their capacity as owners	—	—	490,825	(2)	490,823	1,651	492,474
Balance at 30 June 2022	250,936	27,873,165	2,908,165	(84,603,102)	(53,570,836)	(48,565)	(53,619,401)

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

Interim Condensed Consolidated Statement of Cash Flow

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows of operating activities		
Cash generated from operations	554,162	5,446,746
Interest paid	(3,542)	(1,596,733)
Income tax paid	(2,006)	(1,983,471)
Net cash generated from operating activities	548,614	1,866,542
Cash flows of investing activities		
Purchases of property, plant and equipment and construction in progress	(885,857)	(1,120,935)
Purchases of intangible assets	(327,112)	(1,246,411)
Purchases of right-of-use assets	—	(1,158,780)
Interest received	699	13,177
Proceeds from disposal of property, plant and equipment	265,425	399,063
Proceeds from disposal of intangible assets	98	343,141
Proceeds from disposal of investment accounted for using the equity method	—	271,422
Net cash outflow arising on disposal of subsidiaries	(269,571)	—
Net cash flows used in investing activities	(1,216,318)	(2,499,323)
Cash flows of financing activities		
Proceeds from borrowings	432,292	3,017,334
Repayments of borrowings	(217,724)	(3,019,493)
Capital injection from non-controlling interests	—	92,611
Acquisition of interests in subsidiaries without change of control	—	(31,521)
Prepayment of lease payment	(158,541)	(148,538)
Net cash from/(used in) financing activities	56,027	(89,607)
Net decrease in cash and cash equivalents	(611,677)	(722,388)
Cash and cash equivalents at beginning of the period	709,074	2,452,523
Effect of exchange difference on cash and cash equivalents	(511)	(120,720)
Cash and cash equivalents at end of the period	96,886	1,609,415

The above condensed consolidated statement of cash flow should be read in conjunction with the accompanying note.

Notes to the Condensed Consolidated Interim Financial Information

1. General Information

China Evergrande New Energy Vehicle Group Limited (the “Company”) and its subsidiaries (together, the “Group”) are engaged in technology research and development, production and sales of new energy vehicles in the People’s Republic of China (the “PRC”) and in other countries (collectively, the “New Energy Vehicle Segment”).

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

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

The condensed consolidated interim financial information is presented in Renminbi (“RMB”) thousands, unless otherwise stated.

This condensed consolidated interim financial information has not been audited.

2. Basis of Preparation

This interim condensed consolidated financial statements for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”.

The interim condensed consolidated financial statements does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2022, which have been prepared in accordance with Financial Reporting Standards (“HKFRS”) and any public announcements made by the Group during the interim reporting period.

The financial information relating to the year ended 31 December 2022 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2023 as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those Interim review financial statements. The auditor’s interim review report was unmodified conclusion; included a reference to any matters to which the auditor drew attention by way of emphasis without modifying its interim review report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

Going concern assumption

The Group incurred loss of RMB6,873 million for the six months ended 30 June 2023. As at 30 June 2023, the accumulated losses and the net current liabilities of the Group amounted to RMB105.771 billion and RMB36.605 billion, respectively. Cash and cash equivalents, and restricted cash, as at 30 June 2023 were RMB117 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 under various contractual and other arrangements.

Notes to the Condensed Consolidated Interim Financial Information

2. Basis of Preparation (Continued)

Going concern assumption (Continued)

In view of the above circumstances, the Company have reviewed the Group's cash flow projections, which cover a period up to 30 June 2024. Taking into account the following actions during the six months ended 30 June 2023 and plans and measures to be taken, the Group will have sufficient working capital to meet its financial obligations up to 30 June 2024.

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 under various contractual and other arrangements.

- The Group continues to take active plans and measures to control operation and administrative costs through various channels, including but not limited to (i) having production and human resources optimisation and adjustments, (ii) reorganising the structure to each segment and maintaining close communication with suppliers, customers and banks, etc., (iii) committing to soliciting for new customers and exploring overseas markets to support the sustainable development of principle business of the Group; and (iv) containment of capital expenditures etc. (the "Business and Operation Restructuring Plan"); and
- The Group has reached agreements with certain creditors (including trade and other payable and related parties), agreeing to extend the repayment terms. The directors of the Company consider that further extensions may be obtained if necessary.

On the basis that all these measures can be implemented successfully, the Company are of the opinion that the Group will have sufficient working capital to meet its financial obligations as they fall due and accordingly, the condensed consolidated financial statements for the six months ended 30 June 2023 has been prepared on a going concern basis.

Notwithstanding the above, given the uncertainties to obtain support from the Group's creditors, material uncertainties exist as to whether or not the Group will be able to achieve its plans and measures as described above.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may 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 the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2022, as described in those annual consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Information

2. Basis of Preparation (Continued)

Application of amendments to HKFRSs

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2023 for the Group:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the amended standards does not have significant impact on the interim condensed consolidated financial information.

3. Estimates

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

Notes to the Condensed Consolidated Interim Financial Information

4. 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 exposures to ensure appropriate measures are implemented on a timely and effective manner.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2022.

There have been no changes in the risk management department or in any risk management policies since the year ended 31 December 2022.

(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.

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the period-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the period/year is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
5% appreciation in RMB against US dollar (US\$)	(670,366)	(684,097)
5% depreciation in RMB against US\$	670,366	684,097
5% appreciation in RMB against Eurodollar (EUR)	(14,789)	(15,574)
5% depreciation in RMB against EUR	14,789	15,574

(ii) Liquidity risk

For detailed introduction on liquidity, please refer to going concern assumption in note 2.

Notes to the Condensed Consolidated Interim Financial Information

4. Financial Risk Management (Continued)

(b) Fair value estimation

Financial assets and liabilities

(i) Fair value hierarchy

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Level 1 Assets		
Financial assets at fair value through profit or loss — listed equity securities	96,095	134,300
Level 3 Assets		
Financial assets at fair value through profit or loss	172,024	259,321

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.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 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 market 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.

(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.

Notes to the Condensed Consolidated Interim Financial Information

5. Segment Information

Management has determined the operating segments based on the reports reviewed by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

During the period ended 30 June 2023, the Company has entered into an agreement to dispose of the entire interests in Assemble Guard Limited and Flaming Ace Limited and their subsidiaries (the "Disposal Group") which were previously included in Health Management segment. Health Management Segment includes Internet+ community health management, international hospitals, elderly care and rehabilitation, medical cosmetology, anti-aging and sales of health and living projects in the PRC. The directors of the Company considered such business was classified as discontinued operation during the period ended 30 June 2023 and details are set out in Note 32. The segment information does not include the discontinued business.

During the period ended 30 June 2023, the Group is principally engaged in the sales of vehicles and vehicles components and provision of technical services in the PRC.

For the six months ended 30 June 2023, majority of the segments are domiciled in the PRC and most of the revenue are derived in the PRC, and the segments are principally engaged in the provision of similar services to similar customers. All operating segments of the Group were aggregated into a single reportable segment.

The principal operating entities of the Group are domiciled in the PRC and majority of revenue is derived in the PRC during the six months ended 30 June 2023. As at 30 June 2023, majority of the non-current assets of the Group were located in the PRC.

Revenue by type

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Provision of technical services (ii)	27,978	22,980
Sales of lithium batteries (i)	1,776	841
Sales of vehicles and vehicle components (i)	113,370	285
Other	11,415	—
	154,539	24,106

- (i) 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 provision of technical services are recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

Notes to the Condensed Consolidated Interim Financial Information

6. 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 (Unaudited)
Six months ended 30 June 2023							
Opening net book amount at 1 January 2023	597,201	137,460	750,008	175,495	272,676	12,604,060	14,536,900
Exchange difference	23,697	—	1,613	—	71	—	25,381
Additions	—	137	10,180	—	8,479	879,529	898,325
Transfer from construction in progress/transfer to property, plant and equipment	—	—	3,156	—	981	(4,137)	—
Disposals	(35,606)	(344)	(17,305)	(17)	(8,405)	—	(61,677)
Impairment	—	(125,852)	—	—	—	(365,658)	(491,510)
Depreciation	(50,535)	(10,397)	(42,063)	(153)	(21,905)	—	(125,053)
Closing net book amount at 30 June 2023	534,757	1,004	705,589	175,325	251,897	13,113,794	14,782,366

	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 (Unaudited)
Six months ended 30 June 2022							
Opening net book amount at 1 January 2022	2,918,850	201,845	893,182	374,660	193,786	16,406,656	20,988,979
Exchange difference	(10,770)	—	(117)	—	(71)	—	(10,958)
Additions	1,768	31,262	499,530	8	153,396	1,000,267	1,686,231
Transfer from construction in progress/transfer to property, plant and equipment	376,015	—	214,964	—	2,322	(593,301)	—
Disposals	(18,701)	—	(411,187)	(139,764)	(10,044)	—	(579,696)
Impairment	(78,926)	—	(121,463)	—	(28)	(178,933)	(379,350)
Depreciation	(86,192)	(15,377)	(55,035)	(54,647)	(43,832)	—	(255,083)
Closing net book amount at 30 June 2022	3,102,044	217,730	1,019,874	180,257	295,529	16,634,689	21,450,123

Notes to the Condensed Consolidated Interim Financial Information

7. Leases

The balance sheet shows the following amounts relating to leases:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Right-of-use assets		
Land use rights	2,300,980	2,337,681
Buildings	247,633	303,017
Machinery and equipment	135,956	271,980
Furniture, fixtures and office equipment	—	8,434
	2,684,569	2,921,112
Lease liabilities		
Current	336,602	339,261
Non-current	219,471	283,823
	556,073	623,084

8. Investment Properties

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
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 32)	—	(425,190)
Closing net book amount	—	—

Notes to the Condensed Consolidated Interim Financial Information

9. Intangible Assets

	Computer software RMB'000	Development costs RMB'000	Patent, proprietary technology and franchise rights RMB'000	Total RMB'000 (Unaudited)
Six months ended 30 June 2023				
Cost	345,876	6,381,008	5,078,751	11,805,635
Accumulated depreciation and impairment	(239,147)	(4,849,603)	(4,946,373)	(10,035,123)
Net book amount	106,729	1,531,405	132,378	1,770,512
Opening net book amount at 1 January 2023	124,403	4,204,355	149,102	4,477,860
Exchange difference	(131)	—	—	(131)
Additions	884	324,403	—	325,287
Disposals	(98)	—	—	(98)
Amortisation	(14,998)	(188,574)	(16,724)	(220,296)
Impairment losses	(3,331)	(2,808,779)	—	(2,812,110)
Closing net book amount at 30 June 2023	106,729	1,531,405	132,378	1,770,512
Six months ended 30 June 2022				
Cost	268,065	7,420,148	5,339,166	13,027,379
Accumulated depreciation and impairment	(61,063)	(2,535,894)	(3,577,853)	(6,174,810)
Net book amount	207,002	4,884,254	1,761,313	6,852,569
Opening net book amount at 1 January 2022	11,822	4,567,674	1,944,607	6,524,103
Exchange difference	(12)	(1,082)	—	(1,094)
Additions	207,865	408,620	668,341	1,284,826
Disposals	(3,580)	—	(339,561)	(343,141)
Amortisation	(9,093)	(1,686)	(479,882)	(490,661)
Impairment losses	—	(89,272)	(32,192)	(121,464)
Closing net book amount at 30 June 2022	207,002	4,884,254	1,761,313	6,852,569

Notes to the Condensed Consolidated Interim Financial Information

10. Trade and Other Receivables and Prepaid Taxes

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables (a)	30,847	62,758
Other receivables (b)	19,698,481	4,074,903
Prepaid taxes	—	460,561
	19,729,328	4,598,222

(a) Trade receivables

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade receivables — third parties	63,927	102,778
Less: allowance provision for impairment	(33,080)	(40,020)
Trade receivables — net	30,847	62,758

Trade receivables mainly arose from 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 aging analysis of trade receivables based on revenue recognition date as at the respective balance sheet dates is as follows:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 90 days	11,936	60,078
91 days to 180 days	181	2,116
181 days to 365 days	20,184	4,825
Over 365 days	31,626	35,759
	63,927	102,778

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group has retained the legal titles of the vehicles and vehicle components sold to these customers before the trade receivables are settled.

Notes to the Condensed Consolidated Interim Financial Information

10. Trade and Other Receivables and Prepaid Taxes (Continued)

(b) Other receivables

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Other receivables		
— third parties	2,642,465	2,488,544
— related parties (note 30(b))	17,350,983	2,169,664
	19,993,448	4,658,208
Less: allowance provision for impairment	(294,967)	(583,305)
Other receivables — net	19,698,481	4,074,903

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.

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

11. Prepayments

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Prepayments		
— Land use rights	—	68,600
— Property, plant and equipment	—	12,468
— Others	130,108	165,835
	130,108	246,903
Less: non-current portion:		
— Land use rights	—	(68,600)
— Property, plant and equipment	—	(12,468)
— Others	(61,366)	(111,358)
	(61,366)	(192,426)
Current portion	68,742	54,477

Notes to the Condensed Consolidated Interim Financial Information

12. Properties under Development

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Properties under development comprise:		
— Construction costs and capitalised expenditures	1,306,837	939,194
— Land use rights	1,510,730	1,510,730
	2,817,567	2,449,924

Properties under development include costs of acquiring rights to use certain lands, which are located in the PRC, for development over fixed periods. Land use rights are held on leases of between 40 to 70 years (31 December 2022: 40 to 70 years).

13. Cash and Bank Balances

(a) Restricted cash

As at 30 June 2023, restricted cash of RMB19,626,000 (31 December 2022: RMB19,390,000) are mainly comprised of guarantee deposits for construction of pre-sale properties and guarantee deposits for bank acceptance notes and loans.

(b) Cash and cash equivalents

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Cash at banks and on hand		
— Denominated in RMB	59,185	158,413
— Denominated in US\$	5,599	5,139
— Denominated in other currencies	32,102	56,389
	96,886	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 regulations of foreign exchange control promulgated by the PRC government.

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

Notes to the Condensed Consolidated Interim Financial Information

14. Investments Accounted for Using the Equity Method

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Balance as at 1 January	—	258,475
Disposals	—	(213,321)
Share of net losses of associates and joint ventures	—	(18,925)
Reclassified as held for sale (note 32)	—	(26,229)
	—	—

15. Financial Assets at Fair Value through Profit or Loss

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Listed equity securities (note 4(b)(i))	96,095	134,300
Other equity investments	172,024	259,321
	268,119	393,621
Less: current portion	(96,095)	(134,300)
Non-current portion	172,024	259,321

16. Share Capital and Share Premium

	Number of shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000 (Unaudited)
1 January 2022 (audited), 31 December 2022 (audited) and 30 June 2023 (unaudited)	10,843,793,000	250,936	27,873,165	28,124,101

Notes to the Condensed Consolidated Interim Financial Information

17. 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, the Company granted 298,820,000 share options under 2018 Share Option Plan 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. When exercisable, each option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

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:

	30 June 2023 (Unaudited)	31 December 2022 (Audited)
At the beginning of the period	389,180,000	528,050,000
Forfeited during the period	(89,580,000)	(138,870,000)
As at end of the period	299,600,000	389,180,000

None of the outstanding options as at 30 June 2023 was exercisable or expired.

Notes to the Condensed Consolidated Interim Financial Information

17. 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 follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Administrative expenses and selling and marketing costs	50,425	233,245
Research and development expenses	41,935	198,139
	92,360	431,384

Notes to the Condensed Consolidated Interim Financial Information

18. Reserves

	Special reserve	Capital contribution reserve	Other reserve	Exchange reserve	Statutory reserve	Share-based compensation reserve	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (Audited)	85,582	796	578,040	(83,081)	306,916	1,293,203	2,181,456
Other comprehensive loss	—	—	—	(547,155)	—	—	(547,155)
Share-based compensation (note 17)	—	—	—	—	—	92,360	92,360
Disposal of subsidiaries (note 33)	—	43,382,287	—	—	(306,286)	—	43,076,001
Balance at 30 June 2023 (Unaudited)	85,582	43,383,083	578,040	(630,236)	630	1,385,563	44,802,662
At 1 January 2022 (Audited)	85,582	796	518,349	2,056,507	302,269	861,817	3,825,320
Other comprehensive loss	—	—	—	(1,407,980)	—	—	(1,407,980)
Transfer to statutory reserve	—	—	—	—	2	—	2
Share-based compensation (note 17)	—	—	—	—	—	431,384	431,384
Changes in ownership interest in subsidiaries without change of control	—	—	59,439	—	—	—	59,439
Balance at 30 June 2022 (Unaudited)	85,582	796	577,788	648,527	302,271	1,293,201	2,908,165

(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 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 to the consolidated financial statements.

Notes to the Condensed Consolidated Interim Financial Information

18. 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.

19. Trade and Other Payables

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade and notes payables (a)	11,262,893	10,526,915
— third parties	11,262,893	10,526,915
Other payables	25,141,504	16,111,469
— third parties	2,186,477	1,385,086
— related parties (note 30(b))	22,955,027	14,726,383
Interest payable	4,307,766	3,116,356
— third parties	2,305,942	1,675,331
— related parties (note 30(b))	2,001,824	1,441,025
Other taxes payable	353,522	101,332
Payroll payable	151,061	157,770
Provisions	1,056,734	782,339
Total trade and other payables	42,273,480	30,796,181

(a) The following is an aging analysis of trade payables based on the invoice date:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 90 days	305,946	4,672,682
91 days to 180 days	436,609	628,405
Over 180 days	10,520,338	5,225,828
	11,262,893	10,526,915

Notes to the Condensed Consolidated Interim Financial Information

20. Deferred Income

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Balance as at 1 January	2,781,150	2,821,150
Credited to property, plant and equipment	—	(30,000)
Amount recognised in profit or loss	(125,617)	—
Reclassified as held for sale (note 32)	—	(10,000)
	2,655,533	2,781,150

21. Borrowings

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Borrowings included in non-current liabilities:		
Shareholder borrowings (note 30(b))	12,773,880	12,312,127
Borrowings included in current liabilities:		
Bank borrowings	4,513,860	4,429,934
Other borrowings	9,709,408	9,243,108
	14,223,268	13,673,042
	26,997,148	25,985,169

Notes to the Condensed Consolidated Interim Financial Information

22. Loss for the period

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Continuing operations		
Employee benefit expenses (including directors' emoluments)	315,274	547,484
Depreciation of property, plant and equipment (note 6)	125,053	255,083
Research and development expenses	103,706	219,176
Impairment losses on property, plant and equipment and intangible assets	3,303,620	181,972
Depreciation of right-of-use assets	169,543	36,211
Professional fees	23,105	29,083
Legal expenses	3,305	5,633
Amortisation of intangible assets	220,296	490,661

23. Other Losses, Net

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Overdue fine	(152,867)	(37,851)
Litigation expenses	(295,799)	(173,778)
Written-down of amounts due from deregistered subsidiaries	—	(163,960)
Exchange gains	257,806	300,080
Government grants	—	302
Net loss on disposal of Property, plant and equipment	(111)	(44,001)
Others	(139,852)	(227,742)
	(330,823)	(346,950)

Notes to the Condensed Consolidated Interim Financial Information

24. Finance Costs, Net

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Finance income		
— Interest income	(587)	(5,876)
Finance costs		
— Interest expense on bank and other borrowings	453,434	420,990
— Interest expense on shareholders borrowings	507,719	470,680
— Interest expense on lease liabilities	4,208	31,263
— Less: interest capitalised	(426)	(1,572)
	964,935	921,361
Finance costs — net	964,348	915,485

25. Income Tax Credit (Expenses)

The amount of income tax credited (charged) to the condensed consolidated interim financial information represents:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited) (Restated)
Current income tax:		
— PRC corporate income tax	10,821	(62,573)
— PRC land appreciation tax	—	—
	10,821	(62,573)
Deferred income tax:		
— PRC corporate income tax	(8,956)	50,208
— PRC land appreciation tax	—	—
	(8,956)	50,208
	1,865	(12,365)

Notes to the Condensed Consolidated Interim Financial Information

25. Income Tax Credit (Expenses) (Continued)

Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5 % of the estimated assessable profit for the six months ended 30 June 2023 (six months ended 30 June 2022: 16.5%). Hong Kong profits tax has not been provided for as the Group did not have any assessable profits during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

PRC corporate income tax

PRC corporate income tax is calculated at 25% of the estimated assessable profit for the six months ended 30 June 2023 (six months ended 30 June 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 vehicle living projects less deductible including land use rights and all property development expenditures.

26. Dividends

The directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2022: nil).

Notes to the Condensed Consolidated Interim Financial Information

27 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 period.

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited) (Restated)
Loss attributable to shareholders of the Company (RMB'000)		
— From continuing operations	(5,804,029)	(3,869,258)
— From discontinued operation held for sale	(1,060,929)	(9,492,520)
Weighted average number of ordinary shares for the purpose of basic loss per share (thousands)	10,843,793	10,843,793
Basic loss per share (RMB cents per share)		
— From continuing operations	(53.524)	(35.682)
— From discontinued operation held for sale	(9.784)	(87.539)
	(63.308)	(123.221)

Notes to the Condensed Consolidated Interim Financial Information

27 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).

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited) (Restated)
Loss attributable to shareholders of the Company (RMB'000)		
— From continuing operations	(5,804,029)	(3,869,258)
— From discontinued operation held for sale	(1,060,929)	(9,492,520)
Weighted average number of ordinary shares for the purpose of basic loss per share (thousands)	10,843,793	10,843,793
Adjustments for share options (i)	—	—
Weighted average number of ordinary shares for diluted loss per share (thousands)	10,843,793	10,843,793
Diluted loss per share (RMB cents per share)		
— From continuing operations	(53.524)	(35.682)
— From discontinued operation held for sale	(9.784)	(87.539)
	(63.308)	(123.221)

- (i) The 299,600,000 options (30 June 2022: 458,615,000 options) granted and remained unexercised are not included in the calculation of diluted loss per share because they are antidilutive for the six months ended 30 June 2023. These options could potentially dilute basic loss per share in the future.

Notes to the Condensed Consolidated Interim Financial Information

28. Commitments

(a) Non-cancellable operating leases

The investment properties are leased to tenants under operating leases with rentals payable monthly. For details of the leasing arrangements, refer to below:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Minimum lease payments receivable on leases of investment properties are as follows:		
Within one year	—	8,440
In the first to second year	—	8,145
In the second to third year	—	7,917
In the third to fourth year	—	7,143
	—	31,645

(b) Lease commitments

As at 30 June 2023, the group did not have any material short-term lease commitment.

29. Financial Guarantee

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units (a)	710,214	14,739,796
Guarantees for borrowings of cooperation parties (b)	550,000	—
	1,260,214	14,739,796

Notes to the Condensed Consolidated Interim Financial Information

29. Financial Guarantee (Continued)

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and the financial guarantees measured at fair value is immaterial.

- (b) Amounts represent guarantees provided to certain cooperation parties of the Group, who are independent third parties, to obtain borrowings after assessing the credit history of these cooperation parties. The Group closely monitors the repayment progress of the relevant borrowings by these cooperation parties. The directors consider that the likelihood of default in repayments is minimal and the financial guarantees measured at fair value is immaterial.

30. Related Party Transactions

Significant transactions with related parties

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

During six months ended 30 June 2023 and 2022, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group's business:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Borrowings guaranteed by intermediate controlling company	7,079,735	17,443,621
Interest charged by intermediate controlling company	508,258	470,680
Interest charged by joint venture of the Group's holding company	—	64,700
Payment of property management services to fellow subsidiaries	580	5,119
Payment of purchases of materials to fellow subsidiaries	114,163	3,990
Payment of advertising expenses to fellow subsidiaries	200	4,847
Sales of vehicles to fellow subsidiaries	15,687	—

Notes to the Condensed Consolidated Interim Financial Information

30. Related Party Transactions (Continued)

Significant transactions with related parties (Continued)

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

As at 30 June 2023 and 31 December 2022, the Group had the following significant non-trade balances with related parties:

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Due from related parties (note 10)		
Intermediate controlling company	—	129,026
Fellow subsidiaries	16,630,427	1,279,527
Joint ventures	—	219
Joint venture of the Group's holding company	720,556	720,000
Associate	—	40,892
	17,350,983	2,169,664
Cash deposits in associate of the Group's holding company	—	279
Due to related parties (note 19)		
Intermediate controlling company	12,222,347	12,236,468
Fellow subsidiaries	10,732,115	2,489,710
Associate	565	205
	22,955,027	14,726,383

Notes to the Condensed Consolidated Interim Financial Information

30. Related Party Transactions (Continued)

Significant transactions with related parties (Continued)

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Loans from related parties:		
Intermediate controlling company (note 21)	12,773,880	12,312,127
The ultimate controlling party	3,351,397	3,215,772
Company controlled by the ultimate controlling party	599,287	580,626
The ultimate controlling company	553,188	535,962
	17,277,752	16,644,487
Interest payable to related parties (note 19)		
Intermediate controlling company	2,001,824	1,441,025
	2,001,824	1,441,025

The receivables mainly arose from cash advance to fellow subsidiaries and joint ventures for daily operation purpose. The receivables were unsecured interest free and repayable on demand. No provision was held against receivables from related parties (31 December 2022: nil).

The payables mainly arose from cash advance from fellow subsidiaries. The payables bore no interest (31 December 2022: nil).

Key management compensation

Key management includes directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries, bonus and other benefits	45,226	91,924
Contribution to a retirement benefit scheme	234	139
	45,460	92,063

Notes to the Condensed Consolidated Interim Financial Information

31. Non-controlling Interests

The movements of non-controlling interests were as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Balance as at 1 January	(50,088)	(47,081)
Loss for the period	(8,090)	(3,135)
Capital injection (note (i))	—	92,611
Changes in ownership interests in subsidiaries without change of control	—	(90,960)
Disposal of subsidiaries (note 33)	62,797	—
	4,619	(48,565)

(i) Capital injection

During the six months ended 30 June 2022, the Group has received capital injections from non-controlling interests totaling RMB92,611,000.

32. Discontinued operation held for sale

In December 2022, the management of the Company resolved to dispose the Assemble Guard Limited and Flaming Ace Limited and their subsidiaries (the "Disposal Group") to its holding company. The assets and liabilities attributable to the Disposal Group, which are expected to be sold within twelve months, 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.

During the period ended 30 June 2023, the disposal is completed on 12 May 2023. Details are set out in note 33.

Notes to the Condensed Consolidated Interim Financial Information

32. Discontinued operation held for sale (Continued)

The financial performance is presented as below:

	For 5 months ended 12 May 2023 RMB'000 (Unaudited)	For 6 months ended 30 June 2022 RMB'000 (Unaudited) (Restated)
Revenue	3,195,106	1,468,793
Cost of sales	(2,591,503)	(1,249,548)
Gross profit	603,603	219,245
Other income, net	568,272	539,272
Other losses, net	(1,401,323)	(6,297,015)
Selling and marketing costs	(129,455)	(83,504)
Administrative expenses	(41,842)	(127,812)
Net impairment losses on financial assets	—	(105,559)
Fair value losses on investment properties	(9,660)	—
Net impairment losses on property, plant and equipment, intangible assets and goodwill	—	(318,842)
Net impairment losses on properties under development, completed properties held for sale and inventories	—	(1,173,969)
Operating loss	(410,405)	(7,348,184)
Finance income	112	7,301
Finance costs	(430,340)	(606,853)
Finance costs, net	(430,228)	(599,552)
Share of losses of investments accounted for using the equity method	—	(19,950)
Loss before income tax	(840,633)	(7,967,686)
Income tax expenses	(220,296)	(1,524,834)
Loss for the period from discontinued operation held for sale	(1,060,929)	(9,492,520)
Net cash outflow from operating activities	(224,009)	(1,339,671)
Net cash inflow/(outflow) from investing activities	202,146	(171,981)
Net cash (outflow)/inflow from financing activities	(197,699)	87,311
Net decrease in cash generated by the discontinued operation held for sale	(219,562)	(1,424,341)

Notes to the Condensed Consolidated Interim Financial Information

32. Discontinued operation held for sale (Continued)

The following assets and liabilities were reclassified as held for sale in relation to the discontinuing operation 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 income 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

Notes to the Condensed Consolidated Interim Financial Information

33. Disposal of subsidiaries

For detail in Note 32, the Company disposed of its entire investment in the disposal group on 12 May 2023.

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'000 (unaudited)
<hr/>	
Consideration satisfied by:	
Cash	2
<hr/>	
Analysis of assets and liabilities disposal of as the date of disposal:	
Assets	
Property, plant and equipment	476,274
Right-of-use assets	120,571
Investment properties	415,530
Intangible assets	4,135
Deferred income 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
<hr/>	
Total assets	94,247,042
<hr/>	
Liabilities	
Current income — tax liabilities	359,868
Lease liabilities	3,596,172
Deferred income	94,198
Borrowings	14,319,958
Contract liabilities	48,397,264
Trade and other payables	70,618,380
<hr/>	
Total liabilities	137,385,840
<hr/>	
Net liabilities disposed of	43,138,798
<hr/>	
Gain on disposal of subsidiaries:	
Consideration	—
Net liabilities disposed of	43,138,798
Non-controlling interests	(62,797)
<hr/>	
Gain on disposal credited to equity	43,076,001
<hr/>	
Net cash outflow arising on disposal:	
Cash consideration received	—
Less: Cash and cash equivalents disposed of	(269,571)
<hr/>	
	(269,571)
<hr/>	

Notes to the Condensed Consolidated Interim Financial Information

34. Subsequent event

On 14 August 2023, CEG, Mr. Hui Ka Yan, China Evergrande New Energy Vehicle Group Limited (“Evergrande New Energy Vehicle”), and NWTN Inc., a company incorporated in the Cayman Islands with limited liability, entered into the New Energy Vehicle Share Subscription Agreement, pursuant to which Evergrande New Energy Vehicle has conditionally agreed to allot and issue, and NWTN Inc. has conditionally agreed to subscribe for, the Subscription Share(s), resulting in NWTN Inc. holding approximately 27.50% of the total number of issued Shares as enlarged by the issuance of new New Energy Vehicle Shares upon completion of the Loan Conversion of Evergrande New Energy Vehicle and the Share Subscription of Evergrande New Energy Vehicle’s ordinary shares, for a total consideration of HK\$3,889,723,903 (equivalent to approximately US\$500 million). Assuming Loan Conversion of New Energy Vehicle is complete and immediately following the completion of Share Subscription of New Energy Vehicle, the shareholding percentage of CEG in Evergrande New Energy Vehicle will be diluted to approximately 46.86%.