



China Evergrande New Energy Vehicle Group Limited

(Incorporated in Hong Kong with limited liability)

(Stock code : 00708)

Interim Report 2024





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Board of Directors and Committees

Executive Directors

Mr. Siu Shawn (*Chairman*)
Mr. Choi Wai Hong Clifford (*appointed on 5 August 2024*)
Mr. Liu Yongzhuo (*former Vice Chairman*)
(*removed on 5 August 2024*)
Mr. Qin Liyong (*removed on 5 August 2024*)

Independent Non-Executive Directors

Mr. Chau Shing Yim, David
Mr. Guo Jianwen (*resigned on 2 April 2024*)
Mr. Xie Wu
Mr. Vincent Gar-Gene Leung (*appointed on 5 August 2024*)
Mr. Kenan Wang (*appointed on 5 August 2024*)

Audit Committee

Mr. Chau Shing Yim, David (*Chairman*)
Mr. Guo Jianwen (*resigned on 2 April 2024*)
Mr. Xie Wu
Mr. Vincent Gar-Gene Leung (*appointed on 6 August 2024*)

Remuneration Committee

Mr. Chau Shing Yim, David (*Chairman*)
Mr. Siu Shawn
Mr. Guo Jianwen (*resigned on 2 April 2024*)
Mr. Vincent Gar-Gene Leung (*appointed on 6 August 2024*)
Mr. Kenan Wang (*appointed on 6 August 2024*)

Nomination Committee

Mr. Siu Shawn (*Chairman*)
Mr. Chau Shing Yim, David
Mr. Guo Jianwen (*resigned on 2 April 2024*)
Mr. Vincent Gar-Gene Leung (*appointed on 6 August 2024*)
Mr. Kenan Wang (*appointed on 6 August 2024*)

Corporate Governance Committee

Mr. Chau Shing Yim, David (*Chairman*)
Mr. Siu Shawn
Mr. Guo Jianwen (*resigned on 2 April 2024*)

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

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

Website

<https://www.irasia.com/listco/hk/evergrandevhicle/>

Company Secretary

Mr. Fong Kar Chun, Jimmy

Auditor

Prism Hong Kong Limited
(Former Name: Prism Hong Kong and Shanghai Limited)
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: 30 August 2024

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”. For the six months ended 30 June 2024 (the “**Reporting Period**”), the Group had applied for a total of 3,512 patents in related fields of study worldwide, 2,718 of which were granted. During the Reporting Period, affected by external and internal factors, the Group's sales fell short of expectations. The Company faced operating difficulties, its R&D and production were suspended, and various operating activities and the stability of its workforce were affected.

Business Review

As at 30 June 2024, 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 2024, the production and sales volume of new energy vehicles were 4.929 million vehicles and 4.944 million vehicles respectively, representing both an increase of 30.1% and 32% respectively, and the market share reached 35%. In terms of policies in support of the industry, in the first half of 2024, the government departments issued the Action Program on Energy Conservation and Carbon Reduction for 2024–2025《2024–2025年節能降碳行動方案》, the Implementing Rules for Automobile Trade-in Subsidies《汽車以舊換新補貼實施細則》, the Circular of the Five Divisions on the Launching of New Energy Vehicles to the Countryside in 2024《五部門關於開展2024年新能源汽車下鄉活動的通知》, the Circular on the Adjustment of Policies Related to Automobile Loans《關於調整汽車貸款有關政策的通知》, and the Circular on the Budget of the Central Government's Pre-allocation of Funds to Subsidize the Trade-in of Old and New Automobiles in 2024《關於下達2024年汽車以舊換新補貼中央財政預撥資金預算的通知》, to support industry development of new energy vehicles.

R&D aspects:

During the Reporting Period, the Group actively organized and improved the required product development capabilities in response to the verification of the maintenance of product production access conditions by the relevant departments, and actively rectified the issues raised by the departments, such as the certification of compliance with the national safety monitoring and management platform and the commissioning of inspection equipment, and responded to the departments in accordance with the requirements. The Group continued to provide support and maintenance services for vehicle utilization issues in the market to meet customers' normal vehicle needs. However, restrained by funding, the progress of the development and verification were affected.

Manufacturing aspects:

As of 30 June 2024, a total of 1,700 units had rolled off the production line of Hengchi 5 in Tianjin manufacturing base. During the Reporting Period, the Tianjin manufacturing base, the Shanghai manufacturing base and the Guangzhou manufacturing base carried out equipment maintenance and management in accordance with the downtime management system and policy.

Sales of new energy vehicles:

As of 30 June 2024, more than 1,429 new energy vehicles were delivered by the Group. During the Reporting Period, the Group also continued to cooperate with existing agents and automobile maintenance chain brands, Huasheng and Bosch, to provide comprehensive repair, maintenance and services to customers.

During the Reporting Period, in light of the Group's financial situation, the Group took active measures to further reduce its operating costs by arranging vacation for some employees.

Outlook

New Energy Vehicle Segment

In the future, the Group will spare no effort to actively introduce strategic investors and raise funds to ensure the survival of the Group and the future development plans. After strategic investors introduced and the funds in place, the Group will continue to promote the R&D of new platforms and models based on market demand to provide users with more forward-looking smart electric vehicle products that integrate technological aesthetics. In terms of production and manufacturing, the Group will strive to promote the improvement of the manufacturing standard of the Tianjin manufacturing base and ensure high quality production and delivery. In terms of sales, the Group will further expand its sales channels, open up overseas markets, improve after-sales services and constantly improve its sales capabilities and user experience.

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, 30 August 2024

As at the date of this report, the executive Directors of the Company are Mr. SIU Shawn and Mr. CHOI Wai Hong Clifford; and the independent non-executive Directors of the Company are Mr. CHAU Shing Yim David, Mr. XIE Wu, Mr. Vincent Gar-Gene LEUNG and Mr. Kenan WANG.

Management Discussion and Analysis

Financial Review

I. Liabilities

The total liabilities in financial statement as at 30 June 2024 were RMB74,350.14 million. Among which:

1. Borrowings

As at 30 June 2024, the Group's borrowings amounted to RMB26,590.10 million, representing an increase of RMB106.02 million compared to RMB26,484.08 million as at 31 December 2023. Part of the borrowings was secured by the property and equipment, and land use rights of the Group and equity interests of several subsidiaries within the Group. As at 30 June 2024, the average annual interest rate of the borrowings was 7.07% (31 December 2023: 7.08%).

2. Trade and Other Payables

As at 30 June 2024, the Group's trade and other payables amounted to RMB46,694.62 million, representing an increase of RMB3,682.88 million as compared to RMB43,011.74 million as at 31 December 2023, mainly due to the reclassification of deferred income of RMB1,955 million from other liabilities to other payables.

3. Other Liabilities

As at 30 June 2024, the Group's other liabilities amounted to RMB1,065.42 million, representing a decrease of RMB1,982.08 million as compared with RMB3,047.50 million as at 31 December 2023, which was mainly due to the reclassification of deferred income of RMB1,955 million from other liabilities to other payables.

II. Losses from Continuing Operations during the Reporting Period

1. Revenue

During the Reporting Period, the Group had a turnover of RMB38.38 million, representing a decrease of RMB116.16 million as compared to the turnover of RMB154.54 million for the six months ended 30 June 2023. The decrease in revenue was mainly due to a decrease in sales of the Hengchi 5.

2. Gross profit/(loss)

During the Reporting Period, the Group's gross profit was RMB2.43 million, while a gross loss of RMB60.88 million was recorded for the six months ended 30 June 2023.

3. Other income, net

Other income, net during the Reporting Period was RMB10.76 million, representing a decrease of RMB40.33 million as compared with other income, net of RMB51.09 million for the six months ended 30 June 2023.

4. Other losses, net

Other losses, net during the Reporting Period were RMB1,075.52 million, representing an increase of RMB744.7 million as compared with other losses, net of RMB330.82 million for the six months ended 30 June 2023, which was mainly due to losses related to the provision for liquidated damages on litigation and borrowings and other losses.

Management Discussion and Analysis

5. Selling and marketing expenses

Selling and marketing expenses of the Group decreased by RMB155.56 million from RMB187.80 million for the six months ended 30 June 2023 to RMB32.24 million during the Reporting Period, mainly due to a decrease in sales promotion and branding expenses for the Hengchi 5 and reduction in sales force.

6. Administrative expenses

Administrative expenses of the Group decreased by RMB280.69 million from RMB935.92 million for the six months ended 30 June 2023 to RMB655.23 million during the Reporting Period, mainly due to the reduction of employees, pay cuts made to some of 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 RMB16,909.03 million, representing an increase of RMB16,904.76 million as compared with RMB4.27 million for the six months ended 30 June 2023, which was mainly due to the fact that the Group increased the provision for impairment of receivables from subsidiaries, associates and joint ventures of China Evergrande Group (in liquidation) (“CEG”) for prudence.

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

The Group’s net impairment losses on property, plant and equipment, intangible assets and right-of-use assets was RMB648.75 million during the Reporting Period, mainly due to the provision for impairment on plant and equipment, representing a decrease of RMB2,654.87 million as compared with RMB3,303.62 million for the six months ended 30 June 2023.

9. Finance costs, net

The net finance cost of the Group during the Reporting Period was RMB952.41 million, decreased by RMB11.94 million as compared with RMB964.35 million for the six months ended 30 June 2023.

10. Fair value gains/(losses) on financial assets at fair value through profit or loss

The fair value gains on financial assets at fair value through profit or loss of the Group during the Reporting Period was RMB6.01 million, representing a decrease of RMB42.5 million as compared with the loss of RMB36.49 million for the six months ended 30 June 2023.

The Group recorded a loss of RMB20,256.65 million during the Reporting Period, increased by RMB13,383.6 million as compared with the loss of RMB6,873.05 million for the six months ended 30 June 2023.

III. Liquidity and Financial Resources

As at 30 June 2024, the Group’s cash and cash equivalents and restricted cash in aggregate amounted to RMB54.96 million, representing a decrease of RMB91.76 million as compared with RMB146.72 million as of 31 December 2023.

Management Discussion and Analysis

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 2024, the Group had borrowings and lease liabilities (collectively "**total borrowings**") amounting to RMB26,921.86 million (as at 31 December 2023: RMB26,815.25 million).

As at 30 June 2024, the Group's gearing ratio was 164.47% (as at 31 December 2023: 76.94%). Gearing ratio was calculated as total borrowings divided by total assets.

Capital commitments, Significant Investments, Pledge of Assets

As at 30 June 2024, the Group had capital commitments of approximately RMB13,755 million (as at 31 December 2023: RMB13,751 million) for the construction of the Group's bases in Tianjin, Shanghai, Guangzhou and other regions across the country, and for the Group's acquisition of fixed assets.

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

As at 30 June 2024, the Group's borrowings of RMB7,389 million (as at 31 December 2023: RMB7,255 million) were secured by pledge of the Group's property, plant and equipment, right-of-use assets and equity interests of certain subsidiaries, totaling at RMB12,318 million (as at 31 December 2023: RMB12,605 million).

Material Litigation

As at 30 June 2024, the Group had a total of 70 pending litigation cases which involved more than RMB30 million each, and the total amount involved was approximately RMB13,989 million (as at 31 December 2023: RMB13,608 million).

Failure to repay debts due

As at 30 June 2024, the Group's unpaid debts due amounted to approximately RMB10,269 million (as at 31 December 2023: RMB9,447 million). In addition, as at 30 June 2024, the Group's overdue commercial bills amounted to approximately RMB3,363 million (as at 31 December 2023: RMB3,401 million).

As at 30 June 2024, the Company's unpaid debts due amounted to approximately RMB4,458 million.

Financial assistance

As at 30 June 2024, the Group provided financial assistance to subsidiaries, associates and joint ventures of CEG, and non-controlling shareholders of subsidiaries in the amount of approximately RMB16,879 million (as at 31 December 2023: RMB16,906 million). Among them, amounts due from subsidiaries, associates and joint ventures of CEG amounted to RMB16,737 million, arising from the matters described in the announcement dated 24 April 2023 heading "VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF SUBSIDIARIES", transfer of funds and other transactions; amounts due from non-controlling shareholders of subsidiaries amounted to RMB142 million, which are borrowings. All of the above amounts are unsecured, interest-free, and have no fixed repayment date.

Employee and Share Option Scheme

As at 30 June 2024, the Group had a total of 829 employees, and management and professional technical personnel with a bachelors' degree or above accounted for approximately 91%. It incurred a total staff cost (including Directors' remuneration) of approximately RMB118.22 million during the Reporting Period (as at 30 June 2023: RMB313.85 million).

To provide incentives or rewards to the staff and the Directors of the Company, the Company adopted a share option scheme (the "**Share Option Scheme**") on 6 June 2018. Since its adoption and up to 30 June 2024 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 2024, a total of 752,200,000 share options were granted under the Share Option Scheme, amongst which: (i) a total of 186,595,000 share options granted under the Share Option Scheme had not been exercised; (ii) a total of 565,605,000 share options granted under the Share Option Scheme had lapsed; and (iii) no share option granted under the Share Option Scheme had been cancelled.

Significant Investments, Material Acquisition and Disposal

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period. As at 30 June 2024, 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.

Significant Events

Receipt of Written Decision of Administrative Penalty from the Relevant Local Administrative Authority

During the Reporting Period, certain subsidiaries of the Company (the "**Relevant Subsidiaries**") received the written decision of administrative penalty (the "**Written Administrative Decision**") issued by the relevant local administrative authorities (the "**Relevant Local Administrative Authorities**").

The Relevant Subsidiaries have entered into a series of investment cooperation agreements (collectively, the "**Relevant Agreements**") with Relevant Local Administrative Authorities since 29 April 2019. The Relevant Local Administrative Authorities considered that the Relevant Subsidiaries have committed breach of contracts on the basis that they have failed to perform their contractual obligations in accordance with the terms of the Relevant Agreements with the Relevant Local Administrative Authorities (mainly including the failure to achieve the target of investment scale, planned production capacity and annual sales related to the establishment of group headquarters, global research and development centers and global production bases in areas under the jurisdiction of the Relevant Local Administrative Authorities within the agreed time limit; and the failure to complete the construction of production bases and research and development centers and commence operation, and complete the research and development of new energy vehicle models as scheduled). Additionally, the purpose of the Relevant Agreements can no longer be realized objectively judging from the operating conditions of the Relevant Subsidiaries. Therefore, the Relevant Local Administrative Authorities, in accordance with the provisions of the Civil Code of the People's Republic of China and other PRC laws and regulations, has decided: (1) to terminate three of the Relevant Agreements; (2) that the Relevant Subsidiaries return the Relevant Local Administrative Authorities the incentives and subsidies granted in the aggregate amount of approximately RMB1.9 billion within 15 days from the date of receipt of the Written Administrative Decision.

Management Discussion and Analysis

On 26 August 2024, the Relevant Subsidiaries received a determination letter of administrative review (“**Determination Letter**”) from the Relevant Local Administrative Authorities after applying for an administrative review. The Determination Letter concluded that the Relevant Subsidiaries had committed a material breach of contract by failing to perform their contractual obligations as agreed upon entering into the relevant agreements. The Relevant Local Administrative Authorities upheld the Written Administrative Decision in the administrative review. The above decisions would result in the Group being exposed to the risks of compulsory resumption of land of the relevant plants, and the buildings and equipment thereon being used for repayment of the said incentives and subsidies. As a result, this could have a material impact on the financial position and operations of the Company or each of the Relevant Subsidiaries.

Receipt of Notice from another Relevant Authority

Evergrande New Energy Vehicle (Tianjin) Co., Ltd. (“**Tianjin Evergrande**”), a subsidiary of the Company, received a notice (the “**Notice**”) from another relevant authority (the “**Authority**”) during the Reporting Period.

After reviewing the requirement for Tianjin Evergrande to produce new energy passenger vehicle products, the Authority has raised three issues for rectification (the “**Issues**”), ordering Tianjin Evergrande to make rectifications and stop producing and selling new energy passenger vehicle products. During the rectification period, the Authority will suspend the acceptance of Tianjin Evergrande’s application for new energy passenger vehicle products and the electronic information transmission of the qualification certificate for its new energy passenger vehicle products. The aforesaid will resume after completion of rectification and fulfillment of manufacturing requirement upon review.

The Company attaches great importance to the inspection of Tianjin Evergrande by the Authority and has actively rectified the Issues after the inspection. The Company has submitted the appeal and rectification materials to the Authority before the aforesaid time limit.

The above proposed orders, if formally and eventually implemented, will have a material effect on the operations of the Group. Please refer to the announcement of the Company dated 11 June 2024 for further details of the Notice.

The Entering into of Non-Binding Term Sheet in Relation to Potential Share Transfer

The Company has been informed that on 16 May 2024, the joint and several liquidators for and on behalf of CEG, Evergrande Health Industry Holdings Limited, Acelin Global Limited (collectively, the “**Potential Sellers**”) and a third party purchaser (the “**Potential Purchaser**”) (which is a party independent of the Company and its connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries) entered into a term sheet (the “**Term Sheet**”), pursuant to which the Potential Sellers and the Potential Purchaser may enter into a definitive sale and purchase agreement (the “**SPA**”) in relation to the sale and purchase of the shares in the Company (“**Shares**”) held by the Potential Sellers. As at the date of this report, the Potential Sellers collectively hold 6,347,948,000 Shares (representing approximately 58.5% of all the issued Shares) (the “**Potential Sale Shares**”). It is intended that subject to the entering into and the terms and conditions of the SPA, (i) 3,144,699,970 Potential Sale Shares (representing approximately 29.0% of all issued Shares as at the date of this report) would be acquired immediately, and (ii) 3,203,248,030 Potential Sale Shares (representing approximately 29.5% of all issued Shares as at the date of this report) would be the subject of an option exercisable by the Potential Purchaser during a certain period after the date of the SPA. The Term Sheet mentioned the entry into of a facility agreement (the “**Facility Agreement**”), pursuant to which the Potential Purchaser (or another party designated by it with consent of the Company) would provide a line of credit to the Company for the purpose of financing the Group’s continuing operation and the development of the Group’s electric vehicle business.

Management Discussion and Analysis

The offer period commenced on 26 May 2024 for the purpose of the Code on Takeovers and Mergers. As at the date of this report, discussions are still ongoing among the Potential Sellers, the Potential Purchaser and the Company but the Potential Sellers and the Potential Purchaser have not yet entered into the SPA, and the Potential Purchaser and the Company have not yet entered into the Facility Agreement. For further details, please refer to the announcements of the Company dated 26 May 2024, 26 June 2024, 26 July 2024 and 26 August 2024.

Subsequent Events After the Reporting Date

Two of the Company's subsidiaries, namely, Evergrande New Energy Vehicle (Guangdong) Co., Ltd. and Evergrande Smart Automotive (Guangdong) Co., Ltd. (collectively, "**Guangdong Subsidiaries**") received a notice from the relevant local people's court on 26 July 2024 in relation to the bankruptcy and reorganization proceedings against the Guangdong Subsidiaries.

The relevant local people's Court held a hearing on 2 August 2024 in that regard and ruled that Guangdong Subsidiaries entered into bankruptcy and reorganization proceedings. Please refer to the announcement of the Company dated 5 August 2024 for details.

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

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 2024, the Group did not have any material contingent liabilities (as at 31 December 2023: Nil).

Interim Dividend

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

Interim Results Review

The condensed consolidated financial information of the Group for the six months ended 30 June 2024 has been reviewed by the audit committee of the Company (the "**Audit Committee**"), which comprises three independent non-executive Directors of the Company.

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 (*former Vice Chairman of the Board*) (*removed on 5 August 2024*)

Mr. Qin Liyong (*removed on 5 August 2024*)

Mr. Choi Wai Hong Clifford (*appointed on 5 August 2024*)

Independent Non-executive Directors

Mr. Chau Shing Yim, David

Mr. Guo Jianwen (*resigned on 2 April 2024*)

Mr. Xie Wu

Mr. Vincent Gar-Gene Leung (*appointed on 5 August 2024*)

Mr. Kenan Wang (*appointed on 5 August 2024*)

On 2 April 2024, Mr. Guo Jianwen resigned as an independent non-executive Director. Accordingly, he has ceased to be a member of each of the Audit Committee, the remuneration committee, the nomination committee and the corporate governance committee of the Company on the same date.

On 5 August 2024, following the passing of the relevant resolutions at the annual general meeting of the Company ("**AGM**"), Mr. Choi Wai Hong Clifford has been appointed as an executive Director; (ii) Mr. Vincent Gar-Gene Leung has been appointed as an independent non-executive Director; and (iii) Mr. Kenan Wang has been appointed as an independent non-executive Director. With effect from 6 August 2024, Mr. Vincent Gar-Gene Leung has been appointed as a member of each of the remuneration committee of the Board, the Audit Committee and the nomination committee of the Board; and (ii) Mr. Kenan Wang has been appointed as a member of each of the remuneration committee and nomination committee of the Board.

On 5 August 2024, following the passing of the relevant resolutions at the AGM, Mr. Liu Yongzhuo and Mr. Qin Liyong have been removed as executive Directors.

Save as disclosed above, 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.

Corporate Governance and Other Information

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.

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 immediately preceding the date of grant (HK\$)	Exercise Period	Number of share options				
						Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Cancelled and Lapsed during the period	Outstanding as at 30 June 2024
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, a former executive Director (Note 2)	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, a former executive Director (Note 2)	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, a former independent non-executive Director (Note 3)	20 September 2021	HK\$3.90	HK\$2.90	HK\$3.90	20 September 2021 to 19 September 2028	300,000	N/A	0	300,000	0
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	72,260,000	N/A	0	9,700,000	62,560,000
	15 June 2021	HK\$32.82	HK\$31.35	HK\$32.82	15 June 2021 to 14 June 2031	22,890,000	N/A	0	7,230,000	15,660,000
	20 September 2021	HK\$3.90	HK\$2.90	HK\$3.90	20 September 2021 to 19 September 2028	83,465,000	N/A	0	17,690,000	65,775,000
Total						221,515,000	N/A	0	34,920,000	186,595,000

Corporate Governance and Other Information

Notes:

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

Note 2: On 5 August 2024, following the passing of the relevant resolutions at the AGM, Mr. Liu Yongzhuo and Mr. Qin Liyong have been removed as executive Directors.

Note 3: On 2 April 2024, Mr. Guo Jianwen resigned as an independent non-executive Director.

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

As at 30 June 2024, 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 C3 ("Model Code") to the Listing Rules, were as follows:

Interests of shares in the Company

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

Notes:

As at 30 June 2024:

- (1) On 5 August 2024, following the passing of the relevant resolutions at the AGM, Mr. Liu Yongzhuo has been removed as an executive Director. 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) On 5 August 2024, following the passing of the relevant resolutions at the AGM, Mr. Qin Liyong has been removed as an executive Director. 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 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	CEG	Beneficial owner	20,600,000 ^(Note 2)	0.16%
	Evergrande Property Services Group Limited ^(Note 1)	Beneficial owner	548,500	0.00%
Qin Liyong	CEG	Beneficial owner	4,036,000 ^(Note 3)	0.03%
Chau Shing Yim, David	CEG	Beneficial owner	1,000,000 ^(Note 4)	0.01%

Notes:

As at 30 June 2024:

- (1) Evergrande Property Services Group Limited was a subsidiary of CEG.
- (2) On 5 August 2024, following the passing of the relevant resolutions at the AGM, Mr. Liu Yongzhuo has been removed as an executive Director. 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) On 5 August 2024, following the passing of the relevant resolutions at the AGM, Mr. Qin Liyong has been removed as an executive Director. Mr. Qin Liyong was interested in 4,036,000 shares of CEG, of which 2,936,000 shares were directly held by Mr. Qin and 1,100,000 shares were represented by share options.
- (4) Mr. Chau Shing Yim, David directly held 1,000,000 shares of CEG.

Save as disclosed above, as at 30 June 2024, 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.

Corporate Governance and Other Information

Substantial Shareholders' Interests and Short Positions

As at 30 June 2024, 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

Corporate Governance Code

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

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

On 2 April 2024, Mr. Guo Jianwen resigned as an independent non-executive Director. He also ceased to be a member of each of the Audit Committee, the remuneration committee, the nomination committee and the corporate governance committee of the Company on the same date. After Mr. Guo Jianwen's resignation, the total number of independent non-executive Directors has been reduced to two, which is below the requirement of one-third of the Board under Rule 3.10A of the Listing Rules and the requirement of three independent non-executive Directors under Rule 3.10(1) of the Listing Rules. In addition, Rule 3.21 of the Listing Rules requires, among others, an audit committee must comprise a minimum of three members. Following Mr. Guo Jianwen's resignation, the number of the Audit Committee members was reduced to two and fell below the minimum number required under Rule 3.21 of the Listing Rules.

Following the appointment of Mr. Vincent Gar-Gene Leung and Mr. Kenan Wang as independent non-executive Directors on 5 August 2024 and the appointment of Mr. Vincent Gar-Gene Leung as a member of the Audit Committee, the Company is in compliance with requirements under (i) Rule 3.10A of the Listing Rules that the Company must appoint independent non-executive Directors representing at least one-third of the Board; (ii) Rule 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive Directors; and (iii) Rule 3.21 of the Listing Rules that the Audit Committee must comprise a minimum of three members. Please refer to the announcements of the Company dated 2 April 2024 and 22 August 2024 for further details.

Corporate Governance and Other Information

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 of the Company for the Reporting Period containing all the information required under the Listing Rules will be despatched 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 Shareholders of China Evergrande New Energy Vehicle Group Limited
(Incorporated in Hong Kong with limited liability)

Introduction

We were engaged to review the interim financial information, which comprises the interim condensed consolidated statement of financial position of China Evergrande New Energy Vehicle Group Limited (the "**Company**") and its subsidiaries (the "**Group**") as at 30 June 2024 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months 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 the interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on the interim financial information based on our review. This 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. Because of the potential interaction of the multiple uncertainties related to going concern and their possible cumulative effect on these interim financial information described in the "Basis for Disclaimer of Conclusion" section of our report, we do not express a conclusion on the interim financial information.

Basis for Disclaimer of Conclusion

Multiple Uncertainties Relating to Going Concern

As disclosed in note 2 to the interim financial information, the Group incurred a net loss of approximately RMB20,257 million for the six months ended 30 June 2024 and had net current liabilities of approximately RMB58,844 million as at 30 June 2024. The Group's current and non-current borrowings amounted to approximately RMB13,991 million and RMB12,599 million as at 30 June 2024 respectively, while the Group's cash and cash equivalents amounted to RMB39 million only. These conditions, along with other matter as described in note 2 to the interim financial information, indicate the existence of material uncertainties that may have significant impact on the Group's ability to continue as a going concern.

Nevertheless, the interim financial information have been prepared on a going concern basis. The Group has been undertaking a number of plans and measures to improve the Group's liquidity and financial position, and have developed debt solutions which are set out in note 2 to the interim financial information. The interim financial information have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to material uncertainties. We are unable to determine whether the use of the going concern assumption in the preparation of the interim financial information is appropriate.

Independent Auditor's Report

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

Disclaimer of Conclusion

We do not express a conclusion on the interim financial information of the Group. Because of the significant of matter described in the "Basis for Disclaimer of Conclusion" section of our report, we were unable to obtain sufficient appropriate evidence to form a conclusion on the interim financial information.

Prism Hong Kong Limited

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

Hong Kong

30 August 2024

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	5	38,377	154,539
Cost of sales		(35,944)	(215,415)
Gross profit/(loss)		2,433	(60,876)
Other income, net		10,755	51,090
Other losses, net	7	(1,075,524)	(330,823)
Selling and marketing expenses		(32,235)	(187,795)
Administrative expenses		(655,228)	(935,916)
Share of profit and loss of an associate	18	(2,593)	—
Net impairment losses on financial assets	4(b)	(16,909,028)	(4,267)
Net impairment losses on inventories and properties under development		—	(40,944)
Net impairment losses on property, plant and equipment, intangible assets and right-of-use assets	6	(648,748)	(3,303,620)
Operating loss		(19,310,168)	(4,813,151)
Finance income	8	1,641	587
Finance costs	8	(954,046)	(964,935)
Finance costs, net	8	(952,405)	(964,348)
Fair value gains/(losses) on financial assets at fair value through profit or loss		6,006	(36,485)
Loss before income tax		(20,256,567)	(5,813,984)
Income tax (expenses)/credit	9	(78)	1,865
Loss for the period from continuing operations		(20,256,645)	(5,812,119)
Discontinued operations			
Loss for the period from discontinued operations		—	(1,060,929)
Loss for the period		(20,256,645)	(6,873,048)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		(62,387)	(547,155)
Total comprehensive loss for the period		(20,319,032)	(7,420,203)

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Loss for the period attributable to owners of the Company:			
— From continuing operations		(20,254,991)	(5,804,029)
— From discontinued operations		—	(1,060,929)
		(20,254,991)	(6,864,958)
Loss for the period attributable to non-controlling interests:			
— From continuing operations		(1,654)	(8,090)
— From discontinued operations		—	—
		(1,654)	(8,090)
Total comprehensive loss attributable to:			
Owners of the Company		(20,317,378)	(7,412,113)
Non-controlling interests		(1,654)	(8,090)
		(20,319,032)	(7,420,203)
Loss per share from continuing operations and discontinued operations			
(expressed in RMB cents per share)			
— Basic loss per share	10	(186.789)	(63.308)
— Diluted loss per share	10	(186.789)	(63.308)
Loss per share from continuing operations			
(expressed in RMB cents per share)			
— Basic loss per share	10	(186.789)	(53.524)
— Diluted loss per share	10	(186.789)	(53.524)

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

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	11,389,572	12,440,969
Right-of-use assets	12	1,930,223	2,024,479
Intangible assets	13	575,282	786,835
Prepayments	15	20,100	59,665
Investments accounted for using the equity method	18	33,834	34,298
Financial assets at fair value through profit or loss	19	167,002	162,289
Deferred tax assets		—	78
		14,116,013	15,508,613
Current assets			
Trade and other receivables and prepaid taxes	14	1,705,878	18,671,281
Prepayments	15	116,677	129,793
Properties under development	16	121,018	109,018
Inventories		253,807	284,593
Financial assets at fair value through profit or loss	19	546	746
Restricted cash	17(a)	15,620	17,900
Cash and cash equivalents	17(b)	39,336	128,824
		2,252,882	19,342,155
Total assets		16,368,895	34,850,768
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	20	28,124,101	28,124,101
Reserves	22	45,040,028	45,072,080
Accumulated losses		(131,095,521)	(110,840,530)
		(57,931,392)	(37,644,349)
Non-controlling interests	26	(49,856)	(48,202)
Total deficit		(57,981,248)	(37,692,551)

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	12	277	1,947
Deferred income	24	654,246	2,601,160
Borrowings	25	12,598,866	12,520,905
		13,253,389	15,124,012
Current liabilities			
Contract liabilities		19,455	41,411
Lease liabilities	12	331,479	329,223
Trade and other payables	23	46,694,618	43,011,735
Borrowings	25	13,991,235	13,963,178
Current tax liabilities		59,967	73,760
		61,096,754	57,419,307
Total liabilities		74,350,143	72,543,319
Total deficit and liabilities		16,368,895	34,850,768

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

The interim financial information on pages 20 to 54 were approved by the Board of Directors on 30 August 2024 and were signed on its behalf by:

SIU SHAWN
Director

CHOI WAI HONG CLIFFORD
Director

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company					Non-controlling interests	Total
	Share Capital	Share Premium	Reserves	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024 (Audited)	250,936	27,873,165	45,072,080	(110,840,530)	(37,644,349)	(48,202)	(37,692,551)
Comprehensive loss							
Loss for the period	—	—	—	(20,254,991)	(20,254,991)	(1,654)	(20,256,645)
Other comprehensive loss	—	—	(62,387)	—	(62,387)	—	(62,387)
Total comprehensive loss	—	—	(62,387)	(20,254,991)	(20,317,378)	(1,654)	(20,319,032)
Transactions with owners in their capacity as owners							
Share-based compensation (note 21)	—	—	30,335	—	30,335	—	30,335
Total transactions with owners in their capacity as owners	—	—	30,335	—	30,335	—	30,335
Balance at 30 June 2024 (Unaudited)	250,936	27,873,165	45,040,028	(131,095,521)	(57,931,392)	(49,856)	(57,981,248)

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company					Non-controlling interests	Total
	Share Capital	Share Premium	Reserves	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023 (Audited)	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 21)	—	—	92,360	—	92,360	—	92,360
Disposal of subsidiaries	—	—	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 (Unaudited)	250,936	27,873,165	44,802,662	(105,771,289)	(32,844,526)	4,619	(32,839,907)

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows of operating activities		
Cash (used in)/generated from operations	(78,698)	554,398
Decrease/(increase) in restricted cash	2,280	(236)
Interest paid	(1,571)	(3,542)
Income tax paid	(13,793)	(2,006)
Net cash (used in)/generated from operating activities	(91,782)	548,614
Cash flows of investing activities		
Purchases of property, plant and equipment and construction in progress	(6,821)	(885,857)
Purchases of intangible assets	—	(327,112)
Interest received	1,641	699
Proceeds from disposal of property, plant and equipment	9,303	265,425
Proceeds from disposal of intangible assets	—	98
Proceeds from disposal of financial assets	71	—
Net cash outflow arising on disposal of subsidiaries	—	(269,571)
Net cash generated from/(used in) investing activities	4,194	(1,216,318)
Cash flows of financing activities		
Proceeds from borrowings	—	432,292
Repayments of borrowings	—	(217,724)
Prepayment of lease payment	(933)	(158,541)
Net cash (used in)/generated from financing activities	(933)	56,027
Net decrease in cash and cash equivalents	(88,521)	(611,677)
Cash and cash equivalents at beginning of the period	128,824	709,074
Effect of exchange difference on cash and cash equivalents	(967)	(511)
Cash and cash equivalents at end of the period	39,336	96,886

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

Notes to the Interim Financial Information

1. General Information

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

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

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

This interim financial information has not been audited.

2. Basis of Preparation

This interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”.

The interim financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, the interim financial information should be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2023, 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 2023 that is included in the interim financial information for the six months ended 30 June 2024 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 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

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

Notes to the Interim Financial Information

2. Basis of Preparation (Continued)

Going concern assumption

The Group incurred a net loss of approximately RMB20,257 million for the six months ended 30 June 2024 and had net current liabilities of approximately RMB58,844 million as at 30 June 2024. The Group's current and non-current borrowings amounted to approximately RMB13,991 million and RMB12,599 million as at 30 June 2024 respectively, while the Group's cash and cash equivalents amounted to RMB39 million only.

The above matters indicated that the Group's financial position has become more strained compared to 2023 and requires a substantial amount of funds in the foreseeable future to finance these financial obligations and capital expenditures under various contractual and other arrangements.

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

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

- (i) The Group continues to take active plans and measures to control operation and administrative costs through various channels, including but not limited to (i) optimisation and adjustment of production and human resources; (ii) containment of capital expenditures; and (iii) actively introducing strategic investors etc. (the "Business and Operation Restructuring Plan"); and
- (ii) The Group is still actively negotiating with various bank, other financial institutions, third parties and related parties to renew its existing borrowings and corporate bonds due to mature within twelve months from 30 June 2024, so that the Group will strive to meet financial obligations as and when they fall due within twelve months from 30 June 2024, provided that strategic investors are introduced (the "Financing Renew Plan").

The Directors have reviewed the Group's cash flow projections prepared by the management of the Company. The cash flow projections cover a period of not less than twelve months from 30 June 2024. The Group are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2024, provided that strategic investors are introduced and relevant capital is in place. Accordingly, the Directors are satisfied that it is appropriate to prepare the interim financial information on a going concern basis.

2. Basis of Preparation (Continued)

Going concern assumption (Continued)

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

- (i) Successful execution and completion of the Business and Operation Restructuring Plan;
- (ii) Successful execution and completion of the Financing Renew Plan; and
- (iii) Successful generation of operating cash flows and access to additional sources of financing to finance the settlement of its existing financial obligations, commitments and future operating and capital expenditure, as well as to maintain sufficient cash flows for the Group's operations.

Should the going concern assumption be inappropriate, adjustments would have to be made to reclassify all non-current assets and liabilities as current assets and liabilities, to write down the values of assets to their recoverable amounts and to provide for any further liabilities which may arise. The interim financial information do not include any such adjustments.

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2023, as described in those annual consolidated financial statements.

Application of amendments to HKFRSs

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2024 for the Group:

Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments")
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments")
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

3. Estimates

The preparation of 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 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 2023.

Notes to the Interim Financial Information

4. Financial Risk Management

(a) Financial risk factor

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 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 2023.

There have been no changes in the risk management department or in any risk management policies since the year ended 31 December 2023.

(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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
5% appreciation in RMB against US dollar (US\$)	(712,684)	(560,994)
5% depreciation in RMB against US\$	712,684	560,994
5% appreciation in RMB against Eurodollar (EUR)	(15,662)	35,952
5% depreciation in RMB against EUR	15,662	(35,952)

4. Financial Risk Management (Continued)

(a) Financial risk factor (Continued)

(ii) Liquidity risk

The Group is exposed to liquidity risk as the Group had net current liabilities and net liabilities of approximately RMB58,843,872,000 and RMB57,981,248,000 respectively. The liquidity of the Group primarily depends on the Business and Operation Restructuring Plan and Financing Renew Plan being available and the ability of the Group to meet its financial obligations as they fall due. Details of which are set out in note 2 to the interim financial information.

(b) Fair value estimation

Financial assets and liabilities

(i) Fair value hierarchy

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Assets		
Level 1		
Financial assets at fair value through profit or loss — Listed equity securities	546	746
Level 3		
Financial assets at fair value through profit or loss — Other unlisted shares	167,002	162,289

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 2024.

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.

Notes to the Interim Financial Information

4. Financial Risk Management (Continued)

(b) Fair value estimation (Continued)

Financial assets and liabilities (Continued)

(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 comparable company analysis.

5. Segment Information

The chief operating decision-maker (“CODM”) of the Group has been identified as the executive directors of the Company who are responsible for reviewing the Group’s internal reporting in order to assess the performance and allocate resources. Management has determined the operating segments based on these reports. The Group’s operation is divided into two segments:

New Energy Vehicle: Technology research and development, production and sales of new energy vehicles in the PRC and in other countries.

Property Development: Sales of property and property development in the PRC.

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

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 2024. As at 30 June 2024, majority of the non-current assets of the Group were located in the PRC.

Notes to the Interim Financial Information

5. Segment Information (Continued)

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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
New Energy Vehicle		
Provision of technical services (ii)	10,435	27,978
Sales of lithium batteries (i)	—	1,776
Sales of vehicles and vehicle components (i)	5,540	113,370
Others	120	11,415
	16,095	154,539
Property Development		
Sales of property (i)	22,282	—
	22,282	—
	38,377	154,539

- (i) Revenue from lithium batteries, vehicles and vehicle components and sales of property is recognised at the point in time when control of the assets is transferred to the customers, 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 Interim Financial Information

6. Loss for the Period

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Continuing operations		
Impairment losses on financial assets	16,909,028	4,267
Impairment losses on property, plant and equipment, intangible assets and right-of-use assets	648,748	3,303,620
Amortisation of intangible assets	207,009	220,296
Employee benefit expenses (including directors' emoluments)	118,224	315,274
Depreciation of property, plant and equipment (note 11)	107,119	125,053
Research and development expenses	97,030	103,706
Depreciation of right-of-use assets	80,588	169,543
Professional fees	4,062	23,105
Legal expenses	1,674	3,305

7. Other Losses, Net

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Overdue fine	(204,056)	(152,867)
Litigation expenses (a)	(902,245)	(295,799)
Exchange gains	61,074	257,806
Net loss on disposal of Property, plant and equipment	(405)	(111)
Others	(29,892)	(139,852)
	(1,075,524)	(330,823)

- (a) The litigation expenses is made based on the opinion of the Group's legal adviser on the possible outcome due to litigation cases by suppliers.

Notes to the Interim Financial Information

8. Finance Costs, Net

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Finance income		
— Interest income	(1,641)	(587)
Finance costs		
— Interest expense on bank and other borrowings	442,902	453,434
— Interest expense on shareholders borrowings	509,544	507,719
— Interest expense on lease liabilities	1,600	4,208
— Less: interest capitalised	—	(426)
	954,046	964,935
Finance costs — net	952,405	964,348

9. Income Tax (Expenses)/Credit

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax:		
— PRC corporate income tax	—	10,821
	—	10,821
Deferred income tax:		
— PRC corporate income tax	(78)	(8,956)
	(78)	1,865

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 2024 (six months ended 30 June 2023: 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 2024 (six months ended 30 June 2023: nil).

Notes to the Interim Financial Information

9. Income Tax (Expenses)/Credit (Continued)

PRC corporate income tax

PRC corporate income tax is calculated at 25% of the estimated assessable profit for the six months ended 30 June 2024 (six months ended 30 June 2023: 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 property less deductible including land use rights and all property development expenditures. No land appreciation tax was accrued during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

10. 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	
	2024 (Unaudited)	2023 (Unaudited)
Loss attributable to shareholders of the Company (RMB'000)		
— From continuing operations	(20,254,991)	(5,804,029)
— From discontinued operations	—	(1,060,929)
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	(186.789)	(53.524)
— From discontinued operations	—	(9.784)
	(186.789)	(63.308)

10. 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	
	2024 (Unaudited)	2023 (Unaudited)
Loss attributable to shareholders of the Company (RMB'000)		
— From continuing operations	(20,254,991)	(5,804,029)
— From discontinued operations	—	(1,060,929)
Weighted average number of ordinary shares for the purpose of basic loss per share (thousands)	10,843,793	10,843,793
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	(186.789)	(53.524)
— From discontinued operations	—	(9.784)
	(186.789)	(63.308)

- (i) The 186,595,000 options (30 June 2023: 299,600,000 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 2024. These options could potentially dilute basic loss per share in the future.

Notes to the Interim Financial Information

11. 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
Six months ended 30 June 2024							
Opening net book amount at 1 January 2024 (Audited)	470,697	202	710,063	46,070	241,998	10,971,939	12,440,969
Exchange differences	(95)	—	(29)	—	(101)	—	(225)
Additions	—	—	5,467	—	1,354	75,474	82,295
Transfer from construction in progress/ transfer to property, plant and equipment	—	—	52,122	—	274	(52,396)	—
Disposals	(763)	—	(7,095)	—	(1,850)	(383,727)	(393,435)
Depreciation	(49,151)	—	(42,414)	(151)	(15,403)	—	(107,119)
Impairment (i)	(296,270)	(202)	(3,378)	—	—	(333,063)	(632,913)
Closing net book amount at 30 June 2024 (Unaudited)	124,418	—	714,736	45,919	226,272	10,278,227	11,389,572
Six months ended 30 June 2023							
Opening net book amount at 1 January 2023 (Audited)	597,201	137,460	750,008	175,495	272,676	12,604,060	14,536,900
Exchange differences	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)
Depreciation	(50,535)	(10,397)	(42,063)	(153)	(21,905)	—	(125,053)
Impairment	—	(125,852)	—	—	—	(365,658)	(491,510)
Closing net book amount at 30 June 2023 (Unaudited)	534,757	1,004	705,589	175,325	251,897	13,113,794	14,782,366

11. Property, Plant and Equipment (Continued)

(i) Impairment tests for property, plant and equipment, intangible asset and right-of-used assets

New energy vehicle manufacturing

The recoverable amounts of the cash generating unit of new energy vehicle manufacturing assets are determined based on the higher of value in use and fair value less costs of disposal.

For the six months ended 30 June 2024, the Local Government Authority has ordered Evergrande New Energy Vehicle (Tianjin) Co., Ltd to stop producing and selling new energy passenger vehicle products. The recoverable amounts of the new energy vehicle manufacturing assets are determined based on fair value less costs of disposal.

For the year ended 31 December 2023, the value in use calculations use cash flow projections based on financial budgets approved by management. The cash flows are discounted using a discount rate which is pre-tax and reflects specific risks relating to the relevant asset groups. The post-tax discount rate and the terminal growth rate used to determine the recoverable amounts are approximately 17% and 3% respectively. For models other than Hengchi 5, the related development costs were fully written off during the year ended 31 December 2023 as they were yet to complete the final design and testing cycle stage.

New energy battery manufacturing

During the six months ended 30 June 2024 and year ended 31 December 2023, the management planned to cease the battery business. The recoverable amounts of the new energy battery manufacturing assets are determined based on fair value less costs of disposal.

Notes to the Interim Financial Information

12. Leases

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Right-of-use assets		
Land use rights	1,925,060	1,972,115
Buildings	3,621	4,466
Machinery and equipment	1,542	47,898
	1,930,223	2,024,479
Lease liabilities		
Current	331,479	329,223
Non-current	277	1,947
	331,756	331,170

13. Intangible assets

	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 2024				
Cost	393,874	5,528,413	4,945,569	10,867,856
Accumulated amortisation and impairment	(274,627)	(5,102,318)	(4,915,629)	(10,292,574)
Net book amount	119,247	426,095	29,940	575,282
Opening net book amount at 1 January 2024	131,734	614,579	40,522	786,835
Amortisations	(12,487)	(188,484)	(6,038)	(207,009)
Impairment losses (i)	—	—	(4,544)	(4,544)
Closing net book amount at 30 June 2024	119,247	426,095	29,940	575,282

Notes to the Interim Financial Information

13. Intangible assets (Continued)

	Intangible assets			Total RMB'000 (Unaudited)
	Computer software RMB'000	Development costs RMB'000	Patent, proprietary technology and franchise rights RMB'000	
Six months ended 30 June 2023				
Cost	345,876	6,381,008	5,078,751	11,805,635
Accumulated amortisation 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)
Amortisations	(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

(i) Particulars regarding impairment assessment on intangible assets are set out in note 11(i).

14. Trade and Other Receivables and Prepaid Taxes

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables (a)	37,222	39,997
Other receivables (b)	1,157,362	18,087,306
Prepaid taxes	511,294	543,978
	1,705,878	18,671,281

Notes to the Interim Financial Information

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

(a) Trade receivables

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables — third parties	69,554	81,916
Less: allowance provision for impairment	(32,332)	(41,919)
Trade receivables — net	37,222	39,997

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 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 90 days	2,612	22,205
91 days to 180 days	6,576	2,467
181 days to 365 days	7,628	8,921
Over 365 days	52,738	48,323
	69,554	81,916

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 applied simplified approach in HKFRS 9 to measure the loss allowance at lifetime expected credit loss ("ECL"). The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as general economic conditions and forward-looking factors of the industry in which the debtors operate. The expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes covering credit losses occur and no credit loss;
- (b) reasonable and supportable information that is available without undue cost or effort at the reporting date about past event, current conditions and forecasts of future economic conditions;
- (c) public information of debtors' finance position and unsolved legal case is used to assist credit review.

As at 30 June 2024, a provision of approximately RMB32,332,000 (2023: RMB41,919,000) was made against the trade receivables.

Notes to the Interim Financial Information

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

(b) Other receivables

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Other receivables		
— third parties	2,599,696	2,473,596
— related parties	16,737,441	16,905,874
	19,337,137	19,379,470
Less: allowance provision for impairment	(18,179,775)	(1,292,164)
Other receivables — net	1,157,362	18,087,306

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.

Other receivables have been assessed for impairment on a collective basis based on different credit risk characteristics. Among these, amounts due from related parties mainly represented the amounts due from fellow subsidiaries majority of which are non-trade nature, unsecured, interest free and have no specific repayment terms. In view of the winding up of China Evergrande Group (In Liquidation) by order of the High Court of Hong Kong and a major investment holding fellow subsidiary in the PRC is also in the process of being liquidated, the Group has reassessed the provision for impairment loss in full in respect of other receivables due from the subsidiaries, associates and joint ventures of China Evergrande Group.

As at 30 June 2024, a provision of approximately RMB18,179,775,000 (2023: RMB1,292,164,000) was made against the other receivables.

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

Notes to the Interim Financial Information

15. Prepayments

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Prepayments		
— Property, plant and equipment	20,100	59,665
— Others	116,677	129,793
	136,777	189,458
Less: non-current portion:		
— Property, plant and equipment	(20,100)	(59,665)
Current portion	116,677	129,793

16. Properties under Development

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Properties under development comprise:		
— Construction costs and capitalised expenditures	82,479	69,327
— Land use rights	38,539	39,691
	121,018	109,018

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 2023: 40 to 70 years).

Notes to the Interim Financial Information

17. Cash and Bank Balances

(a) Restricted cash

As at 30 June 2024, restricted cash of approximately RMB15,620,000 (31 December 2023: RMB17,900,000) are mainly frozen by banks due to litigation or overdue loans.

(b) Cash and cash equivalents

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cash at banks and in hand		
— Denominated in RMB	12,266	40,553
— Denominated in US\$	1,746	14,552
— Denominated in other currencies	25,324	73,719
	39,336	128,824

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.

18. Investments Accounted for Using the Equity Method

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Balance as at 1 January	34,298	—
Addition	—	34,298
Share of profit and loss of an associate	(2,593)	—
Exchange differences	2,129	—
	33,834	34,298

Notes to the Interim Financial Information

19. Financial Assets at Fair Value through Profit or Loss

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Listed equity securities (note 4(b)(i))	546	746
Other equity investments (a)	167,002	162,289
	167,548	163,035
Less: current portion	546	746
Non-current portion	167,002	162,289

(a) As at 30 June 2024, other equity investments of financial assets at fair value through profit or loss mainly represented the Group's equity investments in certain vehicle and motor companies.

20. Share Capital and Share Premium

	Number of shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000 (Unaudited)
1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited)	10,843,793,000	250,936	27,873,165	28,124,101

21. 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.

21. Share-based Compensation (Continued)

(a) Share options (Continued)

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 per 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 2024	31 December 2023
	Number of options (Unaudited)	Number of options (Audited)
At the beginning of the period	221,515,000	388,600,000
Granted during the period	—	—
Forfeited during the period	(34,920,000)	(167,085,000)
As at end of the period	186,595,000	221,515,000

None of the outstanding options as at 30 June 2024 was exercisable or expired.

(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

Notes to the Interim Financial Information

21. Share-based Compensation (Continued)

(b) Fair value of share options (Continued)

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 interim condensed consolidated statement of profit or loss and other comprehensive income as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Administrative expenses and selling and marketing costs	12,924	50,425
Research and development expenses	17,411	41,935
	30,335	92,360

22. Reserves

	Capital				Share-based		Total
	Special reserve (note a) RMB'000	contribution reserve (note b) RMB'000	Other reserve (note c) RMB'000	Exchange reserve (note d) RMB'000	Statutory reserve (note e) RMB'000	compensation reserve RMB'000	
At 1 January 2024 (Audited)	85,582	43,383,083	578,040	(390,603)	630	1,415,348	45,072,080
Other comprehensive loss	—	—	—	(62,387)	—	—	(62,387)
Share-based compensation (note 21)	—	—	—	—	—	30,335	30,335
Balance at 30 June 2024 (Unaudited)	85,582	43,383,083	578,040	(452,990)	630	1,445,683	45,040,028

Notes to the Interim Financial Information

22. Reserves (Continued)

	Special reserve (note a) RMB'000	Capital contribution reserve (note b) RMB'000	Other reserve (note c) RMB'000	Exchange reserve (note d) RMB'000	Statutory reserve (note e) RMB'000	Share-based compensation reserve RMB'000	Total 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 21)	—	—	—	—	—	92,360	92,360
Disposal of subsidiaries	—	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

(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 condensed consolidated financial statements.

(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.

Notes to the Interim Financial Information

23. Trade and Other Payables

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade and notes payables (a)	9,542,007	9,646,566
— third parties	9,542,007	9,646,566
Other payables	28,417,862	26,049,483
— third parties	5,319,535	2,819,243
— related parties (note 29(b))	23,098,327	23,230,240
Interest payable	6,301,620	5,244,545
— third parties	3,309,572	2,777,412
— related parties (note 29(b))	2,992,048	2,467,133
Other taxes payable	125,334	194,580
Payroll payable	231,393	186,736
Provisions	2,076,402	1,689,825
Total trade and other payables	46,694,618	43,011,735

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 90 days	1,661,715	3,981,440
91 days to 180 days	79,328	74,044
Over 180 days	7,800,964	5,591,082
	9,542,007	9,646,566

Notes to the Interim Financial Information

24. Deferred Income

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Balance as at 1 January	2,601,160	2,781,150
Refund	(1,946,914)	(179,990)
	654,246	2,601,160

25. Borrowings

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Borrowings included in non-current liabilities:		
Shareholder borrowings (note 29(b))	12,598,866	12,520,905
Borrowings included in current liabilities:		
Bank borrowings	4,011,945	4,011,945
Other borrowings	9,979,290	9,951,233
	13,991,235	13,963,178
	26,590,101	26,484,083

26. Non-controlling Interests

The movements of non-controlling interests were as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Balance as at 1 January	(48,202)	(50,088)
Loss for the period	(1,654)	(8,090)
Disposal of subsidiaries	—	62,797
	(49,856)	4,619

Notes to the Interim Financial Information

27. Commitments

(a) Capital commitments

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Acquisition of right-of-use assets, property, plant and equipment and intangible assets	13,754,693	13,750,638

(b) Lease commitments

As at 30 June 2024, the Group did not have any material short-term lease commitment (As at 31 December 2023: nil).

28. Financial Guarantee

As at 30 June 2024, the Group does not have any material financial guarantee.

29. Related Party Transactions

Significant transactions with related parties

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

During six months ended 30 June 2024 and 2023, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group's business on terms as agreed between the transacting parties:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Borrowings guaranteed by intermediate controlling company	7,082,248	7,079,735
Interest charged by intermediate controlling company	509,544	507,719
Payment of property management services to fellow subsidiaries	604	580
Payment of purchases of materials to fellow subsidiaries	553	114,163
Payment of advertising expenses to fellow subsidiaries	—	200
Sales of vehicles to fellow subsidiaries	—	15,687

Notes to the Interim Financial Information

29. Related Party Transactions (Continued)

Significant transactions with related parties (Continued)

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

As at 30 June 2024 and 31 December 2023, the Group had the following significant non-trade balances with related parties:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Due from related parties		
Fellow subsidiaries	—	16,026,210
Parent company	—	17,510
Joint venture of the Group's holding company	—	408
An associate of the Group's holding company	—	720,000
	—	16,764,128
Due to related parties (note 23)		
Intermediate controlling company	2,016,146	2,004,742
Fellow subsidiaries	21,061,394	21,224,999
Joint ventures of the Group's holding company	20,787	499
	23,098,327	23,230,240
Loans from related parties:		
Intermediate controlling company (note 25)	12,598,866	12,520,905
The ultimate controlling party	1,857,304	1,844,158
The ultimate controlling company	593,242	589,043
	15,049,412	14,954,106
Interest payable to related parties (note 23)		
Intermediate controlling company	2,992,048	2,467,133

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. Receivables from related parties amounted to RMB16,737,000 were fully impaired during the period (31 December 2023: nil).

The payables mainly arose from cash advance from fellow subsidiaries. The payables bore no interest (31 December 2023: nil).

Notes to the Interim Financial Information

29. Related Party Transactions (Continued)

Significant transactions with related parties (Continued)

(c) 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	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, bonus and other benefits	27,707	45,226
Contribution to a retirement benefit scheme	95	234
	27,802	45,460

30. Dividends

The directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2023: nil).

31. Subsequent event

Two of the Company's subsidiaries, namely, Evergrande New Energy Vehicle (Guangdong) Co., Ltd. and Evergrande Smart Automotive (Guangdong) Co., Ltd. (collectively, "Guangdong Subsidiaries") received a notice from the relevant local people's court on 26 July 2024 in relation to the bankruptcy and reorganization proceedings against the Guangdong Subsidiaries.

The relevant local people's court held a hearing on 2 August 2024 in that regard and ruled that Guangdong Subsidiaries entered into bankruptcy and reorganization proceedings. Please refer to the announcement of the Company dated 5 August 2024 for details.

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