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## **CHINA EVERGRANDE NEW ENERGY VEHICLE GROUP LIMITED**

**中國恒大新能源汽車集團有限公司**

*(a company incorporated in Hong Kong with limited liability)*

**(Stock Code: 708)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

#### **INTERIM RESULTS**

The Board (the “**Board**”) of directors (the “**Directors**”) of China Evergrande New Energy Vehicle Group Limited is pleased to present the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2024 together with comparative figures stated in this announcement for reference.

#### **FINANCIAL HIGHLIGHTS**

1. As at 30 June 2024, the Group had total assets of RMB16,369 million; total liabilities of RMB74,350 million, of which RMB26,590 million were borrowings, RMB46,695 million were trade and other payables and RMB1,065 million were other liabilities.
2. During the Reporting Period, the Group reported a revenue of RMB38 million and a gross profit of RMB2 million; a net loss of RMB20,257 million in total, representing an increase of 194.73% year-on-year.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

|   | <i>Notes</i> | <b>Six months ended 30 June</b> |                    |
|---|--------------|---------------------------------|--------------------|
|   |              | <b>2024</b>                     | <b>2023</b>        |
|   |              | <b>RMB'000</b>                  | <b>RMB'000</b>     |
|   |              | <b>(Unaudited)</b>              | <b>(Unaudited)</b> |
| <b>Revenue</b>  | 3            | <b>38,377</b>                   | 154,539            |
| Cost of sales   |              | <u><b>(35,944)</b></u>          | <u>(215,415)</u>   |
| <b>Gross profit/(loss)</b>  |              | <b>2,433</b>                    | (60,876)           |
| Other income, net   |              | <b>10,755</b>                   | 51,090             |
| Other losses, net   |              | <b>(1,075,524)</b>              | (330,823)          |
| Selling and marketing expenses  |              | <b>(32,235)</b>                 | (187,795)          |
| Administrative expenses   |              | <b>(655,228)</b>                | (935,916)          |
| Share of profit and loss of an associate  |              | <b>(2,593)</b>                  | —                  |
| Net impairment losses on financial assets   |              | <b>(16,909,028)</b>             | (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 |              | <u><b>(648,748)</b></u>         | <u>(3,303,620)</u> |
| <b>Operating loss</b>   |              | <b>(19,310,168)</b>             | (4,813,151)        |
| Finance income  |              | <b>1,641</b>                    | 587                |
| Finance costs   |              | <u><b>(954,046)</b></u>         | <u>(964,935)</u>   |
| Finance costs, net  |              | <u><b>(952,405)</b></u>         | <u>(964,348)</u>   |
| Fair value gains/(losses) on financial assets at fair value through profit or loss                |              | <u><b>6,006</b></u>             | <u>(36,485)</u>    |
| <b>Loss before income tax</b>   |              | <b>(20,256,567)</b>             | (5,813,984)        |
| Income tax (expenses)/credit  | 4            | <u><b>(78)</b></u>              | <u>1,865</u>       |
| <b>Loss for the period from continuing operations</b>   |              | <u><b>(20,256,645)</b></u>      | <u>(5,812,119)</u> |

|   | <b>Six months ended 30 June</b> |                           |
|---|---------------------------------|---------------------------|
|   | <b>2024</b>                     | <b>2023</b>               |
|   | <i><b>RMB'000</b></i>           | <i><b>RMB'000</b></i>     |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>        |
| <b>Discontinued operations</b>                          |                                 |                           |
| <b>Loss for the period from discontinued operations</b> | <u>—</u>                        | <u>(1,060,929)</u>        |
| <b>Loss for the period</b>                              | <u><b>(20,256,645)</b></u>      | <u><b>(6,873,048)</b></u> |
| <b>Other comprehensive loss</b>                         |                                 |                           |
| <i>Items that may be reclassified to profit or loss</i> |                                 |                           |
| Currency translation differences                        | <u>(62,387)</u>                 | <u>(547,155)</u>          |
| <b>Total comprehensive loss for the period</b>          | <u><b>(20,319,032)</b></u>      | <u><b>(7,420,203)</b></u> |

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

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

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

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

# NOTES TO THE CONDENSED CONSOLIDATED 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.

### 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.

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<br>(the “2020 Amendments” )  |
| Hong Kong Interpretation 5 (Revised) | Presentation of Financial Statements — Classification by the Borrower<br>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 REVENUE

### 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<br>RMB'000<br>(Unaudited) | 2023<br>RMB'000<br>(Unaudited) |
| <b>New Energy Vehicle</b>                    |                                |                                |
| 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                         |
|  | <u>16,095</u>                  | <u>154,539</u>                 |
| <b>Property Development</b>                  |                                |                                |
| Sales of property (i)                        | 22,282                         | —                              |
|  | <u>22,282</u>                  | <u>—</u>                       |
|  | <u>38,377</u>                  | <u>154,539</u>                 |

- (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.

#### 4 INCOME TAX (EXPENSES)/CREDIT

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

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

##### **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).

##### **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).

## 5 DIVIDENDS

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

## 6 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.

|  | <b>Six months ended 30 June</b> |                    |
|--|---------------------------------|--------------------|
|  | <b>2024</b>                     | 2023               |
|  | <b>(Unaudited)</b>              | (Unaudited)        |
| Loss attributable to shareholders of the Company (RMB'000)                                     |                                 |                    |
| — From continuing operations   | <b>(20,254,991)</b>             | (5,804,029)        |
| — From discontinued operations   | <u>—</u>                        | <u>(1,060,929)</u> |
| Weighted average number of ordinary shares for the purpose of basic loss per share (thousands) | <u><b>10,843,793</b></u>        | <u>10,843,793</u>  |
| Basic loss per share (RMB cents per share)   |                                 |                    |
| — From continuing operations   | <b>(186.789)</b>                | (53.524)           |
| — From discontinued operations   | <u>—</u>                        | <u>(9.784)</u>     |
|  | <u><b>(186.789)</b></u>         | <u>(63.308)</u>    |

**(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).

|  | <b>Six months ended 30 June</b> |                        |
|--|---------------------------------|------------------------|
|  | <b>2024</b>                     | 2023                   |
|  | <b>(Unaudited)</b>              | (Unaudited)            |
| Loss attributable to shareholders of the Company (RMB'000)                                     |                                 |                        |
| — From continuing operations   | <b>(20,254,991)</b>             | (5,804,029)            |
| — From discontinued operations   | —                               | (1,060,929)            |
| Weighted average number of ordinary shares for the purpose of basic loss per share (thousands) | <b><u>10,843,793</u></b>        | <u>10,843,793</u>      |
| Weighted average number of ordinary shares for diluted loss per share (thousands)              | <b><u>10,843,793</u></b>        | <u>10,843,793</u>      |
| Diluted loss per share (RMB cents per share)   |                                 |                        |
| — From continuing operations   | <b>(186.789)</b>                | (53.524)               |
| — From discontinued operations   | —                               | (9.784)                |
|  | <b><u><u>(186.789)</u></u></b>  | <u><u>(63.308)</u></u> |

- (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.

## 7 TRADE RECEIVABLES

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

|                      | <b>30 June<br/>2024<br/>RMB'000<br/>(Unaudited)</b> | 31 December<br>2023<br>RMB'000<br>(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        | <u>52,738</u>                                       | <u>48,323</u>                               |
|                      | <u><b>69,554</b></u>                                | <u><b>81,916</b></u>                        |

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above.

## 8 TRADE PAYABLES

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

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

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

**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.

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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

The principal business activities of China Evergrande New Energy Vehicle Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) include the technology research and development (“**R&D**”) and manufacturing of, and sales services in respect of new energy vehicles, namely under the model series name “**Hengchi**”. 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 stable workforce were affected.

### 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 a year-on-year 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, decreased by RMB1,982.08 million as compared with RMB3,047.50 million as at 31 December 2023, 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 75.17% 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, representing a decrease of 103.99% as compared to a gross loss of RMB60.88 million for the six months ended 30 June 2023.

### 3. *Other income, net*

Other income, net during the Reporting Period was RMB10.76 million, decreased by 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, increased by RMB744.7 million as compared with other losses, net of RMB330.82 million for the six months ended 30 June 2023, which is mainly due to losses related to the provision for liquidated damages on litigation and borrowings and other losses.

### 5. *Selling and marketing expenses*

Selling and marketing expenses of the Group decreased by 82.83% 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 29.99% 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 was RMB16,909.03 million, increased by RMB16,904.76 million as compared with RMB4.27 million for the six months ended 30 June 2023, mainly due to the Group increased the provision for impairment of receivables from subsidiaries and associates of China Evergrande Group 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, decreased by 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, decreased by 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, decreased by RMB91.76 million as compared with RMB146.72 million as of 31 December 2023.

### **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.

## **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).

### ***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.

### ***Contingent Liabilities***

As of 30 June 2024, the Group had no material contingent liabilities (as at 31 December 2023: Nil).

### **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 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 Management Committee 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.

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 decision of administrative penalty 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 China Evergrande Group (in liquidation), 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 Listing Rules) to the best of the knowledge, information and belief of the directors of the Company (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 announcement, 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 announcement) 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 announcement) 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.

The offer period commenced on 26 May 2024 for the purpose of the Codes on Takeovers and Mergers. As at the date of this announcement, 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 announcement, no significant events occurred after the Reporting Period.

## **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**

### **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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 the independent non-executive Directors has been reduced to two, which represent less than one-third of the Board under Rule 3.10A of the Listing Rules and also less than three independent non-executive Directors requirement 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 of the Company was reduced to two and fall 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 of the Company, 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 of the Company 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.

## **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 and 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](http://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.

## **FORWARD LOOKING STATEMENTS**

There can be no assurance that any forward-looking statements regarding the Group set out in this announcement or any of the matters set out therein are attainable, will actually occur or 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 announcement, 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.*