



雅迪集團控股有限公司

YADEA GROUP HOLDINGS LTD.

(Incorporated in the Cayman Islands with limited liability)

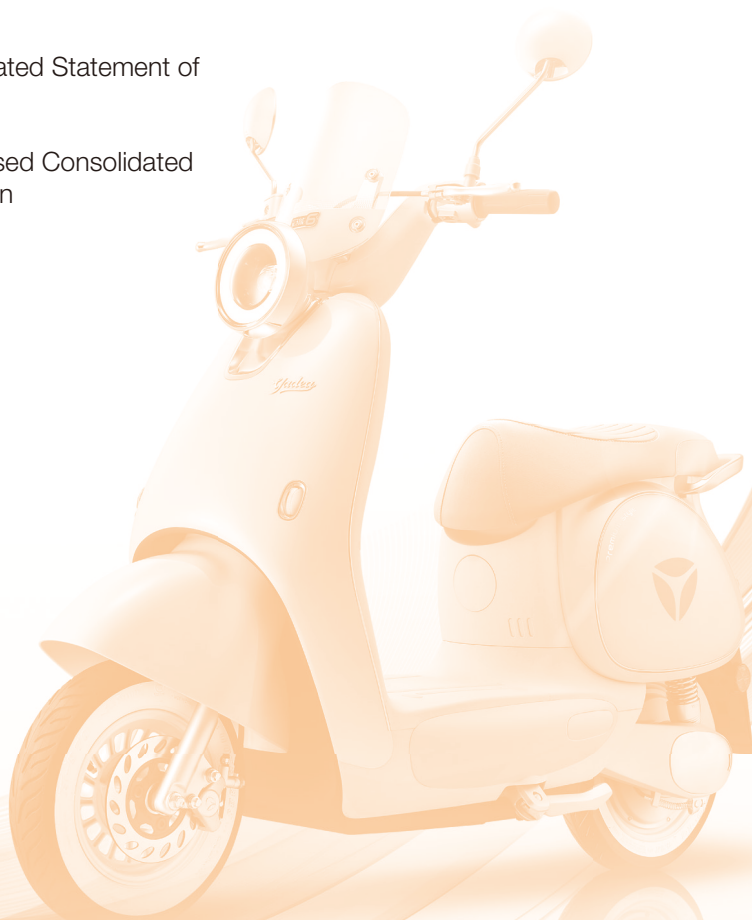
Stock Code: 1585

2024 INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors:

Mr. Dong Jinggui (董經貴) (*Chairman*)
Ms. Qian Jinghong (錢靜紅) (*Chief executive officer*)
Mr. Shen Yu (沈瑜)

Non-executive Director:

Mr. Zhang Yiyin (張禕胤)

Independent Non-executive Directors:

Mr. Wong Lung Ming (黃隆銘)
Mr. Chen Mingyu (陳明宇)
Ms. Ma Chenguang (馬晨光)
Ms. Liang Qin (梁勤)

BOARD COMMITTEES

Audit committee

Mr. Chen Mingyu (陳明宇) (*Chairman*)
Mr. Wong Lung Ming (黃隆銘)
Mr. Zhang Yiyin (張禕胤)
Ms. Ma Chenguang (馬晨光)
Ms. Liang Qin (梁勤)

Remuneration committee

Ms. Ma Chenguang (馬晨光) (*Chairman*)
Mr. Zhang Yiyin (張禕胤)
Mr. Wong Lung Ming (黃隆銘)
Ms. Liang Qin (梁勤)

Nomination committee

Mr. Dong Jinggui (董經貴) (*Chairman*)
Ms. Qian Jinghong (錢靜紅)
Mr. Zhang Yiyin (張禕胤)
Mr. Wong Lung Ming (黃隆銘)
Mr. Chen Mingyu (陳明宇)
Ms. Ma Chenguang (馬晨光)
Ms. Liang Qin (梁勤)

JOINT COMPANY SECRETARIES

Mr. Shen Yu (沈瑜)
Mr. Leung Chi Kit (梁志傑), ACG, HKACG

AUTHORISED REPRESENTATIVES

Ms. Qian Jinghong (錢靜紅)
Mr. Leung Chi Kit (梁志傑)

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Xishan Road
Dacheng Industrial Zone
Anzhen Town
Xishan District
Wuxi, Jiangsu Province
China

Corporate Information

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

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

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISER

As to Hong Kong Law
Eric Chow & Co. in Association with
Commerce & Finance Law Offices
3401, Alexandra House
18 Chater Road
Central
Hong Kong

PRINCIPAL BANKERS

China CITIC Bank Corporation Limited,
Wuxi Wu'ai Sub-branch
No. 112 Renmin West Road, Liangxi District
Wuxi City, Jiangsu Province
China

Industrial and Commercial Bank of China Limited,
Fogang Sub-branch
Industrial and Commercial Bank of China
No. 106 National Road (Tangtang Section)
Tangtang Town
Fogang County
Qingyuan City, Guangdong Province
China

China Everbright Bank, Tianjin Huayuan Branch
No. 62-68 Caizi Yuan
Junction of Huayuan Road and Yashi Avenue
Nankai District, Tianjin
China

STOCK CODE

1585

WEBSITE

www.yadea.com.cn

Management Discussion and Analysis

BUSINESS REVIEW

The first half of 2024 presented challenges for the electric two-wheeled vehicle industry in China. A fire accident in Nanjing involving electric bicycles early in the year raised public concern about battery safety of electric bicycles, attracted great attention from the relevant government authorities, leading to a temporary weakening in market demand. In response, the relevant government authorities continue to strengthening regulation of electric two-wheeled vehicles by introducing new national standards and updating existing standards in various aspects including charging facilities and batteries. For instance, in May 2024, the State Administration for Market Regulation introduced new regulations addressing 22 specific aspects of battery design and manufacturing, including over-charging, over-discharging, external short circuits, thermal abuse, and lithium battery punctures. These regulatory changes have caused some short-term disruptions to the product research and development as certain parts and components of electric two-wheeled vehicles must be modified or upgraded to comply the new and updated standards.

Despite facing challenges, Yadea Group Holdings Ltd. (the “**Company**” or “**Yadea**”, together with its subsidiaries, the “**Group**”) remains as a market leader in electric two-wheeled vehicles industry in terms of market share. The Group achieved revenue of RMB14,413.8 million, reflecting a decrease of approximately 15.4% compared to the same period in 2023. This outcome was primarily due to lower sales volumes of electric two-wheeled vehicles driven by (i) macroeconomic uncertainties and temporary weaken market demand, and (ii) inventory destocking cycle by distributors. Although total sales volumes of electric scooters and bicycles decreased from 8,210,700 units in the first half of 2023 to 6,382,600 units in the same period of 2024, the gradual recovery in sales volumes in May and June 2024 signals a positive trend. The optimal product mix, coupled with the Group’s ability to command a price premium for its batteries and electric drive products, contributed to an increase in the overall gross profit margin from 16.9% in the first half of 2023 to 18.0% in the same period of 2024.

While the Group’s numbers were down compared to the record results of the same period of previous year due to the reasons mentioned above, the management has been actively monitoring the performance of the Group and assessing the impact of regulatory changes to the Group, and implementing appropriate business strategy in a timely manner. Staying focused on long-term growth, the Group will continue to invest in research and development of the new technology for core parts and components, expand into overseas markets and promote “Yadea” brand globally. The management believes the new regulations on battery design and manufacturing will create a favorable environment for Yadea, given its in-house battery, electronic control and other related components expertise and capability. Yadea’s pioneering technological innovations have been empowering Yadea’s electric two-wheeled vehicles for years. The new regulatory developments are expected to accelerate industry reshuffling and usher electric two-wheeled vehicles industry into a new stage of growth.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024, the Group recorded revenue of RMB14,413.8 million, representing a decrease of approximately 15.4% compared with the corresponding period in 2023 of RMB17,041.1 million. The decrease was primarily attributable to the lower sales volumes of electric two-wheeled vehicles driven by (i) macroeconomic uncertainties and temporary weaken market demand, and (ii) inventory destocking cycle by distributors.

The sales volume of electric two-wheeled vehicles for six months ended 30 June 2024 and 2023 is as follows:

	For the six months ended 30 June 2024			For the six months ended 30 June 2023		
	Revenue RMB'000	% of total	Volume '000 units	Revenue RMB'000	% of total	Volume '000 units
Product Type						
Electric bicycles	6,239,374	43.3	4,482.7	7,639,514	44.8	5,538.9
Electric scooters	3,546,576	24.6	1,899.9	4,577,196	26.9	2,671.8
Subtotal	9,785,950	67.9	6,382.6	12,216,710	71.7	8,210.7
Batteries and chargers	4,065,296	28.2	Batteries: 6,714.6 Chargers: 7,144.3	4,498,171	26.4	Batteries: 8,763.3 Chargers: 7,110.0
Electric two-wheeled vehicle parts	562,556	3.9	N/A	326,211	1.9	N/A
Total	14,413,802	100.0	-	17,041,092	100.0	-

Management Discussion and Analysis

Segment Information

For management purpose, the Group is organised into two operating segments from a product perspective. The electric two-wheeled vehicles and related accessories segment is mainly engaged in the development, manufacture and sales of electric two-wheeled vehicles and related accessories, and the batteries and electric drive segment is mainly engaged in the production and sales of batteries and electric drive products.

The segment information for the reportable segments for six months ended 30 June 2024 and 2023 is as follows:

	Six months ended 30 June 2024				Six months ended 30 June 2023			
	Electric two-wheeled vehicles and related accessories RMB'000	Batteries and electric drive RMB'000	Elimination RMB'000	Total RMB'000	Electric two-wheeled vehicles and related accessories RMB'000	Batteries and electric drive RMB'000	Elimination RMB'000	Total RMB'000
Total segment revenue	14,205,169	2,526,456	(2,317,823)	14,413,802	16,988,740	1,928,281	(1,875,929)	17,041,092
Total segment cost	(11,941,141)	(2,151,986)	2,273,147	(11,819,980)	(14,300,947)	(1,735,398)	1,869,384	(14,166,961)
Gross profit	2,264,028	374,470		2,593,822	2,687,793	192,883		2,874,131

Cost of sales

Cost of sales decreased by approximately 16.6% from RMB14,167.0 million for the six months ended 30 June 2023 to RMB11,820.0 million for the six months ended 30 June 2024, which is in line with the decrease in revenue.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit decreased by approximately 9.8% from RMB2,874.1 million for the six months ended 30 June 2023 to RMB2,593.8 million for the six months ended 30 June 2024. Gross profit margin was 18.0% for the six months ended 30 June 2024 ("**Reporting Period**"), slightly higher than the gross profit margin of 16.9% for the six months ended 30 June 2023, primarily due to the optimization of product mix and the increase in the price of batteries and electric drive products.

Other income and gains, net

Other income and gains, net decreased by approximately 43.2% from RMB442.3 million for the six months ended 30 June 2023 to RMB251.3 million for the six months ended 30 June 2024. Such decrease was primarily because (i) the Group received one-off government grant in the first half of 2023 but did not receive similar government grant in the same period of 2024, and (ii) net foreign exchange loss increased.

Profit for the Reporting Period

As a result of the cumulative effect of the foregoing, the Group's profit decreased by approximately 12.9% from RMB1,186.8 million for the six months ended 30 June 2023 to RMB1,033.9 million for the six months ended 30 June 2024.

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

As of 30 June 2024, cash and cash equivalents amounted to RMB7,067.6 million, representing a decrease of approximately 10.7% from RMB7,913.8 million as of 31 December 2023. Such decrease was primarily due to RMB696.5 million net cash outflow used in operating activities, RMB1,086.7 million net cash outflow used in investing activities and RMB925.4 million net cash inflow generated from financing activities. As at 30 June 2024, substantially all the cash and cash equivalents of the Group were denominated in RMB.

The Group's primary uses of cash were daily operating expenses, payment for marketing and advertising expenses and funding of working capital. The Group financed its liquidity requirements through operating cash flows and existing cash and cash equivalents.

Net cash outflow used in operating activities was RMB696.5 million for the six months ended 30 June 2024, as compared with net cash inflow generated from operating activities of RMB2,572.8 million for the six months ended 30 June 2023. Net cash outflow used in investing activities was RMB1,086.7 million for the six months ended 30 June 2024, as compared with net cash outflow used in investing activities of RMB260.4 million for the six months ended 30 June 2023. Net cash inflow generated from financing activities was RMB925.4 million for the six months ended 30 June 2024, as compared with net cash outflow used in financing activities of RMB924.9 million for the six months ended 30 June 2023.

The Group's primary source of funding comes from cash flows generated from its operating activities and existing cash and cash equivalents. As at 30 June 2024, the Group recorded borrowings of RMB1,274.8 million with fixed interests at a range of 1.0% to 1.3%.

Taking into account the Group's existing cash and cash equivalents, anticipated cash flow from its operating activities and the Net Proceeds from the Placing (defined below), the board (the "**Board**") of directors (the "**Directors**") of the Company believes that the Group's liquidity needs will be satisfied.

Financial assets at FVTPL

The financial assets at FVTPL held by the Group mainly consist of wealth management products and structured deposits with relatively low level of risk purchased from the commercial banks in the PRC. As at 30 June 2024, each of such investments has a value of less than 5% of the total assets of the Group and none of such investments constituted a notifiable transaction of the Company. The aggregated value of the financial assets at FVTPL decreased by approximately 6.3% from RMB2,789.8 million as at 31 December 2023 to RMB2,613.9 million as at 30 June 2024, which was mainly attributable to the redemption of the wealth management products and structured deposits held by the Company at the end of their investment terms/maturity dates. For the six months ended 30 June 2024, the Company recorded a gain in fair value of the financial assets at FVTPL of RMB26.0 million in the consolidated statement of profit or loss and other comprehensive income. The Company's subscription for the wealth management products and structured deposits is for treasury management purpose in order to maximise the utilisation of its surplus cash received from its business operations, with a view to achieving balanced yields whilst maintaining high liquidity and a low level of risk.

Management Discussion and Analysis

Net current assets

As of 30 June 2024, the Group had net current assets of RMB302.9 million, as compared with net current assets of RMB445.6 million as of 31 December 2023. The decrease in net current assets as of 30 June 2024 was mainly attributable to the increase in current liabilities resulting from the record of dividends payable and the increase in borrowings, partially offset by the decrease in trade and bills payables and other payables and accruals.

Inventory

Inventory primarily consisted of raw materials, work in progress and finished goods. Inventory increased by approximately 73.0% from RMB955.4 million as of 31 December 2023 to RMB1,652.6 million as of 30 June 2024, primarily due to the increase in batteries inventory reserves to satisfy the demand of the peak season and the increase in lead prices. The average inventory turnover days for the six months ended 30 June 2024 increased to 19.9 days from 16.5 days for the corresponding period in 2023.

Gearing ratio

Gearing ratio is calculated by other non-current liability and borrowings divided by total equity. As at 30 June 2024, the gearing ratio of the Group is 22.3% (31 December 2023: 9.9%). The gearing ratio for the six months ended 30 June 2024 increased mainly because of the increase in borrowings.

Human resources

As of 30 June 2024, the Group had 12,008 employees (31 December 2023: 12,338). Total staff costs, including labour outsourcing cost but excluding the Directors' remuneration, were RMB1,074.8 million (the six months ended 30 June 2023: RMB1,426.0 million). The remuneration of employees was based on their performance, skills, knowledge, experience and market trend. The Group will regularly review its remuneration policy and wages and benefits to its employees with reference to market practice and the performance of individual employee.

Contingent liabilities

As of 30 June 2024, the Group did not have any material contingent liabilities or guarantees.

Pledge of the Group's assets

The Group pledged its assets as securities for bills payable which were used to finance daily business operation. As at 30 June 2024, the pledged assets of the Group amounted to RMB3,137.9 million (31 December 2023: RMB4,118.6 million).

Currency risk

The Group operates in the PRC with most of the transactions settled in RMB except for certain sales to international market and certain wealth management products that are conducted in USD. Foreign currency risk arises when commercial transactions or recognised assets or liabilities are denominated in currency other than the entities' functional currency. The Group is exposed to foreign currency risk primarily with respect to USD.

The Group manages its foreign currency risk by performing regular reviews of the Group's net foreign currency exposures and may enter into currency forward contracts, when necessary, to manage its foreign exchange exposure.

As of 30 June 2024, substantially all of the Group's assets and liabilities were denominated in RMB. The Group did not use any derivative financial instruments to hedge its exposure to the foreign exchange rate risks during the Reporting Period.

Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Company was incorporated in the Cayman Islands on 17 July 2014 as an exempted company with limited liability and the ordinary shares of the Company (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on 19 May 2016 (the “**Listing Date**”).

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “**SFO**”) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) are as follows:

(i) Interests in Shares

Name of Director	Nature of interest	Number of Shares ^(Note 4)	Approximate number of percentage of shareholding ^(Note 5)
Mr. Dong Jinggui ^(Notes 1 & 3)	Interest of controlled corporation/ interest of concert parties	1,914,768,943 (L)	62.50%
Ms. Qian Jinghong ^(Notes 2 & 3)	Interest of controlled corporation/ interest of concert parties	1,914,768,943 (L)	62.50%

Notes:

- (1) Mr. Dong Jinggui holds the entire issued share capital of Dai Wei Investment Company Limited (“**Dai Wei**”), which in turn owns 1,399,398,084 Shares. By virtue of Part XV of the SFO, Mr. Dong Jinggui is deemed to be interested in the Shares held by Dai Wei.
- (2) Ms. Qian Jinghong holds the entire issued share capital of Fang Yuan Investment Company Limited (“**Fang Yuan**”), which in turn owns 515,370,859 Shares. By virtue of Part XV of the SFO, Ms. Qian Jinghong is deemed to be interested in the Shares held by Fang Yuan.
- (3) Pursuant to the concert parties arrangement, Mr. Dong Jinggui and Ms. Qian Jinghong confirmed that they are parties acting in concert in relation to the exercise of their voting rights at the meetings of the shareholders of the Company and the Board. They have also further undertaken that during the period when they remain interested in, directly or indirectly, the Shares, they will continue to act in accordance with the concert parties arrangement. As such, Mr. Dong Jinggui and Ms. Qian Jinghong, together with their respective holding companies (being Dai Wei and Fang Yuan), are all deemed to be interested in the total Shares held by Dai Wei and Fang Yuan.
- (4) The letter “L” denotes long position in such securities.
- (5) There were 3,063,800,000 Shares in issue as at 30 June 2024.

Corporate Governance and Other Information

(ii) Interest in associated corporations

Name of Director	Name of associated corporation	Number of issued shares	Approximate number of percentage of shareholding
Mr. Dong Jinggui	Dai Wei	100	100%
Ms. Qian Jinghong	Fang Yuan	100	100%

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, within the knowledge of the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares or underlying Shares which would be required to be recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares or securities held (Note 4)	Approximate number of percentage of shareholding (Note 5)
Dai Wei (Notes 1 & 3)	Beneficial interest/interest of concert parties	1,914,768,943 (L)	62.50%
Fang Yuan (Notes 2 & 3)	Beneficial interest/interest of concert parties	1,914,768,943 (L)	62.50%

Notes:

- (1) Mr. Dong Jinggui directly holds the entire share capital of Dai Wei and is deemed to be interested in the Shares held by Dai Wei.
- (2) Ms. Qian Jinghong directly holds the entire share capital of Fang Yuan and is deemed to be interested in the Shares held by Fang Yuan.
- (3) Pursuant to the concert parties arrangement, Mr. Dong Jinggui and Ms. Qian Jinghong confirmed that they are parties acting in concert in relation to the exercise of their voting rights at the meetings of the shareholders of the Company and the Board. They have also further undertaken that during the period when they remain interested in, directly or indirectly, the Shares, they will continue to act in accordance with the concert parties arrangement. As such, Mr. Dong Jinggui and Ms. Qian Jinghong, together with their respective holding companies (being Dai Wei and Fang Yuan), are all deemed to be interested in the total Shares held by Dai Wei and Fang Yuan.
- (4) The letter "L" denotes long position in such securities.
- (5) There were 3,063,800,000 Shares in issue as at 30 June 2024.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any interests or short positions in the shares and underlying shares of the Company owned by any persons (other than the Directors or chief executive of the Company) as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Corporate Governance and Other Information

2016 SHARE OPTION SCHEME

On 22 April 2016, the shareholders of the Company (the “Shareholders”) approved and adopted a share option scheme (the “2016 Share Option Scheme”) conditionally upon the approval by the Hong Kong Stock Exchange of the listing of, and permission to deal in, any Shares to be allotted and issued pursuant to the exercise of options under the 2016 Share Option Scheme. The Company received such approval from the Hong Kong Stock Exchange on 18 May 2016.

The purpose of the 2016 Share Option Scheme was to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

On 17 January 2023, a total of 33,550,000 share options were granted by the Company to 263 employees of the Group to subscribe for an aggregate of 33,550,000 Shares. No share options were granted by the Company during the six months ended 30 June 2024. The table below sets out a summary of the details of the movement of the share options granted on 17 January 2023 pursuant to the 2016 Share Option Scheme:

Grantee	Outstanding options as at 1 January 2024		Options granted	Vesting period	Exercise period	Performance targets	Exercise price	Fair value of options at the date of grant (RMB)	Options exercised during the Reporting Period	Options cancelled during the Reporting Period	Options lapsed during the Reporting Period	Options forfeited during the Reporting Period	Outstanding options as at 30 June 2024
	Date of grant												
Top 5 highest paid individuals (excluding Directors and senior management)													
	1,020,000	17 January 2023	1,020,000	2024–2026	17 January 2023–	For the Company	HK\$16.14	13.89	-	-	-	(153,000)	867,000
		(Note 1)		(Note 2)	17 January 2028	and the grantees	per Share						
						(Note 3)							
Other employees													
	30,720,000	17 January 2023	32,530,000	2024–2026	17 January 2023–	For the Company	HK\$16.14	13.89	-	-	-	(5,902,500)	24,817,500
		(Note 1)		(Note 2)	17 January 2028	and the grantees	per Share						
						(Note 3)							

Notes:

- (1) The closing price of the Shares immediately before the date of grant was HK\$16.14 per Share.
- (2) Of the share options granted, 30% was vested within 15 days after the date of publication of the annual results announcement of the Company for the year ended 31 December 2023 on the website of the Hong Kong Stock Exchange (“**First Vesting Period**”), 30% is to be vested within 15 days after the date of publication of the annual results announcement of the Company for the year ended 31 December 2024 on the website of the Hong Kong Stock Exchange (“**Second Vesting Period**”), and 40% is to be vested within 15 days after the date of publication of the annual results announcement of the Company for the year ended 31 December 2025 on the website of the Hong Kong Stock Exchange (“**Third Vesting Period**”).
- (3) For the Company, the performance targets are as follows. In relation to the First Vesting Period, the growth rate of the Company’s consolidated revenue and net profit for the year ended 31 December 2023 shall both be no less than 20% based on the consolidated revenue and net profit of the Company for the year ended 31 December 2022. As for the Second Vesting Period, the growth rate of the Company’s consolidated revenue and net profit for the year ended 31 December 2024 shall both be no less than 44% based on the consolidated revenue and net profit of the Company for the year ended 31 December 2022. In respect of the Third Vesting Period, the growth rate of the Company’s consolidated revenue and net profit for the year ended 31 December 2025 shall both be no less than 73% based on the consolidated revenue and net profit of the Company for the year ended 31 December 2022.

For individuals, the Group has set up a performance appraisal system for the employees, which comprehensively evaluates the performance of the grantees in an accurate and all-rounded manner. The Company will determine whether the grantees meet the individual performance target based on their performance appraisal results for the relevant year. In case of partial achievement and satisfaction of the performance targets, the applicable share options will be vested in proportion in relation to the performance targets actually achieved for the relevant year and the unvested portion of the relevant tranche of the share options shall lapse.

Corporate Governance and Other Information

As at 1 January 2024, the number of Shares available for grant under the scheme mandate limit of the 2016 Share Option Scheme is 266,450,000 Shares.

The 2016 Share Option Scheme was terminated on 17 June 2024. Upon the termination of the 2016 Share Option Scheme, no further options shall be offered or granted but the provisions of the 2016 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the 2016 Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the 2016 Share Option Scheme.

For further details, please refer to the announcement of the Company dated 17 January 2023 and note 15 to the condensed consolidated financial information of this interim report.

2024 SHARE OPTION SCHEME

On 17 June 2024, the Shareholder approved and adopted a share option scheme (the “**2024 Share Option Scheme**”) conditionally upon the approval by the Stock Exchange of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of options under the 2024 Share Option Scheme. The Company received such approval from the Stock Exchange on 18 June 2024.

The purpose of the 2024 Share Option Scheme is to provide Eligible Participants with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The 2024 Share Option Scheme will provide the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the Eligible Participants.

The Eligible Participants of the 2024 Share Option Scheme consist of Employee Participants, whom the Board considers eligible from time to time and on a case-by-case basis. Generally, the Board will consider, amongst others, the general working performance, time commitment (full-time or part-time), length of service within the Group, working experience, responsibilities and employment conditions of the Employee Participants, with reference to the prevailing market practice and industry standard, or where appropriate, contribution or potential contribution to the revenue, profits or business development of the Group.

Subject to further refreshment, at the time of adoption by the Company of the 2024 Share Option Scheme, the number of Shares which may be issued in respect of all options to be granted under the 2024 Share Option Scheme of the Company must not in aggregate exceed 153,190,000 shares, representing 5% of the total number of Shares in issue as at the date of Shareholders’ approval of the 2024 Share Option Scheme (the “**Scheme Mandate Limit**”). The total number of Shares issued and to be issued upon the exercise of all options and awards granted to and to be granted (excluding any options and awards lapsed in accordance with the terms of 2024 Share Options Scheme and other share schemes) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of share options in excess of either the Scheme Mandate Limit or the Individual Limit is subject to Shareholders’ approval in a general meeting of the Company and other relevant requirements set out in the terms of 2024 Share Options Scheme.

Corporate Governance and Other Information

Where an Option is to be granted to any Director, the chief executive or any Substantial Shareholder of the Company or any of their respective Associates, the grant shall not be valid unless it has been approved by the independent non-executive Directors, excluding any independent non-executive Director who is a prospective Grantee of the Option (to the extent applicable). Where an Option is to be granted to a Substantial Shareholder or an independent non-executive Director (to the extent applicable) of the Company, or any of their respective Associates, and the grant will result in the number of the Shares issued and to be issued upon the exercise of all options and awards granted to and to be granted (excluding any options and awards lapsed in accordance with the terms of the 2024 Share Option Scheme and any other share scheme(s)) to such person in the 12-month period up to and including the date of grant, in aggregate, exceeding 0.1% of the total number of Shares in issue on the date of grant, such further grant of Options shall be subject to prior approval by the Shareholders in general meeting (taken on a poll).

An Offer shall remain open for acceptance by the Eligible Participant according to the date specified in each Offer, being a date not later than one month after the date on which the Offer was issued, or (the date on which the conditions (if any) for the Offer are satisfied), by which the Eligible Participant must accept the Offer or be deemed to have declined it. To the extent that an Offer is not accepted within the time stated in the Offer for that purpose, it shall be deemed to have been irrevocably declined and shall immediately lapse. Unless a method for acceptance has been specified in the Offers, an Offer shall be deemed to have been granted and the Option to which the Offer relates shall be deemed to have been accepted when the Company receives the duplicate of the offer letter not later than one month after the date on which the Offer was issued, comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with electronic remittance or cash payment to the Company of HKD1.00 as consideration for the grant of Option.

Subject to any adjustments made pursuant to the terms of the 2024 Share Option Scheme, the Subscription Price in respect of any Option shall be at a price determined by the Board at its absolute discretion and notified to the relevant Eligible Participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant. In the event of any alteration in the capital structure of the Company whilst any Option remains outstanding, the Subscription Price shall be correspondingly adjusted.

For details of the 2024 Share Option Scheme, please refer to the circular of the Company dated 25 April 2024 (the "**Circular**"). Unless the context otherwise requires, capitalised terms used in this section shall have the same meanings as those defined in the Circular.

From the date of adoption of the 2024 Share Option Scheme to 30 June 2024, no option was granted, exercised, cancelled, lapsed or forfeited under the 2024 Share Option Scheme. There was no outstanding option under the 2024 Share Option Scheme as at the date of adoption of the 2024 Share Option Scheme and as at 30 June 2024. A total of 153,190,000 options is available for grant under the Scheme Mandate Limit as of 30 June 2024.

Corporate Governance and Other Information

SHARE AWARD SCHEMES

(i) First Share Award Scheme

On 26 December 2018 (the “**First Adoption Date**”), the Company adopted the first share award scheme (the “**First Share Award Scheme**”).

The purposes and objectives of the First Share Award Scheme are to recognise the contributions by certain participants and to give incentive to them in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

For further details on the First Share Award Scheme, please refer to the announcement of the Company dated 27 December 2018.

The First Share Award Scheme was terminated on 17 June 2024. Upon termination, no further award may be granted under the First Share Award Scheme, and all awarded Shares and their related income shall become vested on the selected participant so referable on such date of termination, subject to the fulfilment of the performance targets by such selected participant, if any, and the determination by the Board, the receipt by the trustee of the First Share Award Scheme of the duly executed vesting documents and payment of the vesting expenses (as applicable) by the selected participant within the stipulated period. The returned Shares and such non-cash income remaining in the trust fund of the First Share Award Scheme shall be sold by its trustee, within 20 business days (on which the trading of the Shares has not been suspended) of receiving notice of such termination of the First Share Award Scheme. The residual cash, net sale proceeds of the returned Shares and such other funds remaining in the trust of the First Share Award Scheme (after making appropriate deductions in respect of all disposal costs, liabilities and expenses in accordance with the trust deed) shall be remitted to the Company forthwith after the sale.

(ii) Second and Third Share Award Schemes

On 6 June 2019 (the “**Second Adoption Date**”), the Company adopted the second and third share award schemes (the “**Second and Third Share Award Schemes**”).

The purposes and objectives of the Second and Third Share Award Schemes are to (i) complement the First Share Award Scheme adopted on 26 December 2018; (ii) provide incentives for the participants to continuously make substantial contributions for the long-term growth of the Group in the future; (iii) further align the interests of the selected participants directly to the Shareholders through ownership of Shares; (iv) attract and retain talented participants who may be beneficial to the growth and development of the Group; and (v) encourage or facilitate the holding of Shares by the participants.

For further details on the Second and Third Share Award Schemes, please refer to the announcement of the Company dated 6 June 2019.

The Second and Third Share Award Schemes were terminated on 17 June 2024. Upon termination, no further award may be granted under the Second and Third Share Award Schemes.

Corporate Governance and Other Information

(iii) Fourth Share Award Scheme

On 23 July 2019 (the “Third Adoption Date”), the Company adopted the fourth share award scheme (the “Fourth Share Award Scheme”, and together with the First Share Award Scheme and the Second and Third Share Award Schemes, collectively, the “Share Award Schemes”).

The purposes and objectives of the Fourth Share Award Scheme are to recognise the contributions by certain participants and to give incentive to them in order to retain them for the continual operation and development of the Group, to attract suitable personnel for further development of the Group and to provide certain participants with a direct economic interest in attaining a long-term relationship between the Group and certain participants.

For further details on the Fourth Share Award Scheme, please refer to the announcement of the Company dated 23 July 2019.

On 17 June 2024, the Board has resolved to amend the Fourth Share Award Scheme rules that the Shares to be awarded to the selected employee will be satisfied only by the existing Shares purchased by the delegated administrators on the market at the prevailing market price (the “Amendments”). Save for the Amendments, all other terms under the Fourth Share Award Scheme remain unchanged.

The table below sets out the details of the movements during the Reporting Period of the share awards granted pursuant to the Share Award Schemes:

Grantee	Date of grant of award	Awards		Awards vested during the Reporting Period	Purchase price	Awards cancelled during the Reporting Period	Awards lapsed during the Reporting Period	Awards forfeited during the Reporting Period	Unvested awards as at 30 June 2024	Fair value of awards at the date of grant (RMB)	
		Unvested awards as at 1 January 2024	granted during the Reporting Period								
Top 5 highest paid individuals (excluding Directors and senior management)											
	20 January 2022	5,500,000	-	2022-2026	(2,150,000) <small>(Note 1)</small>	3.36	-	-	-	3,350,000	6.92
Other employees											
	20 January 2022	24,774,000	-	2022-2026	(9,997,800) <small>(Note 2)</small>	4.90	-	-	(788,200)	13,988,000	5.41

Notes:

- (1) The weighted average closing price of the Shares immediately before the dates on which the awards were vested was HK\$13.2 per Share.
- (2) The weighted average closing price of the Shares immediately before the dates on which the awards were vested was HK\$13.2 per Share.

As at 1 January 2024, the number of Shares available for grant under the Share Award Schemes was 70,678,139, of which 4,764,539 (representing approximately 0.16% of the issued share capital as at 1 January 2024) was under the First Share Award Scheme, and 65,913,600 (representing approximately 2.15% of the issued share capital as at 1 January 2024) was under the Fourth Share Award Scheme.

As at 30 June 2024, the number of Shares available for grant under the Share Award Schemes was 59,642,339 (representing approximately 1.95% of the issued share capital as at 30 June 2024), of which 3,614,539 (representing approximately 0.12% of the issued share capital as at 30 June 2024) was under the First Share Award Scheme, and 56,027,800 (representing approximately 1.83% of the issued share capital as at 30 June 2024) was under the Fourth Share Award Scheme.

For further details, please refer to note 15 to the condensed consolidated financial information of this interim report.

Corporate Governance and Other Information

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 17 March 2024, Zhejiang Huayu Sodium Electric New Energy Technology Co., Ltd.* (浙江華宇鈉電新能源科技有限公同) (the **“Purchaser”**), a subsidiary of the Company, entered into a set of SPAs with the various Vendors in relation to acquiring the entire equity interest in Wuxi Lingbo Electronic Technology Co., Ltd.* (無錫凌博電子技術股份有限公司) (the **“Lingbo”**) at a total cash consideration of approximately RMB351.5 million (the **“Acquisition”**). Upon the completion of the Acquisition on 17 April 2024, the Lingbo has become an indirect non-wholly owned subsidiary of the Company. For details of the Acquisition, please refer to the announcement of the Company dated 17 March 2024 (the **“Voluntary Announcement”**). Unless the context otherwise requires, capitalised terms used in this section shall have the same meanings as those defined in the Voluntary Announcement.

Save as disclosed above, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Group, nor was there any plan authorised by the Board for other material investments or additions of capital assets, during the Reporting Period.

EVENTS AFTER REPORTING PERIOD

The Group did not have any material subsequent events after the Reporting Period.

USE OF NET PROCEEDS

Use of Net Proceeds from Placing

On 31 May 2022, the Company issued 68,800,000 new Shares (the **“Placing Share(s)”**) at a price of HK\$12.58 per Placing Share (the **“Placing Price”**) by placement of the Placing Shares to not less than six independent professional, institutional and/or other placees procured by the placing agents pursuant to the placing agreement dated 24 May 2022 (the **“Placing Agreement”**) entered into between the Company and the placing agents (the **“Placing”**). The Placing Shares were issued under the general mandate granted by the shareholders of the Company (the **“Shareholders”**) to the Directors pursuant to the resolution of the Shareholders passed at the annual general meeting of the Company held on 18 June 2021. Based on the par value of US\$0.00001 per Share, the aggregate nominal value of the Placing Shares is US\$688. The Placing Price represents a discount of approximately 10.0% to the closing price of HK\$13.98 per Share as quoted on the Hong Kong Stock Exchange on 23 May 2022, being the last full trading day immediately prior to the execution of the Placing Agreement. The net proceeds from the Placing (after deducting all related costs, commission and expenses by the Company in connection with the Placing) amounted to approximately HK\$857.6 million (equivalent to approximately RMB727.8 million) (the **“Net Proceeds from Placing”**). The net Placing Price is approximately HK\$12.46 per Share.

The Net Proceeds from Placing were intended to be applied for expansion of the Group’s overseas business through building overseas research and development centers, manufacturing facilities, distribution networks, as well as potential mergers and acquisitions. For further details, please refer to the announcements of the Company dated 24 May 2022 and 31 May 2022, respectively.

Corporate Governance and Other Information

As of 30 June 2024, there were no changes to the intended use of Net Proceeds from Placing and the analysis of the utilisation of the Net Proceeds from Placing is as follows:

	Remaining balance (RMB million)
Net Proceeds from Placing	727.8
Actual Use of Net Proceeds from Placing up to 30 June 2024	
Building overseas research and development centers, manufacturing facilities, distribution networks	316.4
Potential mergers and acquisitions	–
Remaining balance	411.4

The Company expected to fully utilise the Net Proceeds from Placing before 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Pursuant to the rules of Share Award Schemes adopted by the Company on 26 December 2018 and 23 July 2019 (the “Schemes”), respectively, the delegated administrators for the administration of the Schemes purchased on the Hong Kong Stock Exchange a total of 1,112,000 shares at a total consideration of approximately HK\$13.6 million during the Reporting Period.

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix C1 to the Listing Rules. The Company has fully complied with the code provisions set out in the CG Code throughout the Reporting Period. The Board will continue to review and monitor the corporate governance status of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all the Directors who have confirmed that they have complied with the Model Code during the six months ended 30 June 2024.

The Board has also adopted the Model Code as guidelines for its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Corporate Governance and Other Information

INTERIM DIVIDEND

The Board resolved not to declare any payment of interim dividend for the six months ended 30 June 2024 (the six months ended 30 June 2023: nil).

AUDIT COMMITTEE REVIEW

Pursuant to the requirement of the CG Code and the Listing Rules, the Company has established an audit committee (the “**Audit Committee**”) comprising four independent non-executive Directors, being Mr. Chen Mingyu (chairman of the Audit Committee), Mr. Wong Lung Ming, Ms. Ma Chenguang and Ms. Liang Qin, and one non-executive Director, namely Mr. Zhang Yiyin.

The Audit Committee and the Company’s management have considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to risk management, internal control and financial reporting, including the review of the unaudited condensed consolidated interim financial information of the Group for the Reporting Period.

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	5	14,413,802	17,041,092
Cost of sales	7	(11,819,980)	(14,166,961)
Gross profit		2,593,822	2,874,131
Selling and distribution expenses	7	(605,721)	(820,883)
Administrative expenses	7	(420,301)	(471,376)
Research and development costs	7	(491,114)	(554,815)
Other income and gains – net	6	251,274	442,257
Operating profit		1,327,960	1,469,314
Finance costs		(19,850)	(22,112)
Share of losses of investments accounted for using the equity method		(5,295)	(11,967)
Profit before income tax		1,302,815	1,435,235
Income tax expense	8	(268,949)	(248,448)
Profit for the period		1,033,866	1,186,787
Profit attributable to:			
– Owners of the Company		1,033,866	1,187,643
– Non-controlling interests		–	(856)
		1,033,866	1,186,787
Earnings per share			
– Basic (in RMB cents per share)	10(a)	34.5	39.9
– Diluted (in RMB cents per share)	10(b)	34.4	39.5

The accompanying notes on pages 25 to 40 form an integral part of this interim financial information.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit for the period	1,033,866	1,186,787
Other comprehensive income		
<i>Item that will not be reclassified to profit or loss:</i>		
Currency translation differences	12,492	47,252
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences	982	52,455
Other comprehensive income for the period, net of tax	13,474	99,707
Total comprehensive income for the period	1,047,340	1,286,494
Total comprehensive income attributable to:		
– Owners of the Company	1,047,340	1,287,350
– Non-controlling interests	–	(856)
	1,047,340	1,286,494

The accompanying notes on pages 25 to 40 form an integral part of this interim financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	<i>Note</i>	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	4,487,295	3,940,277
Right-of-use assets		1,100,594	1,087,831
Intangible assets	17	1,092,184	957,327
Investments accounted for using the equity method		66,038	71,333
Equity instruments at fair value through other comprehensive income		355	353
Prepayments, deposits and other receivables		1,215,943	1,364,855
Prepayment for acquisition of property, plant and equipment and right-of-use assets		135,396	101,917
Deferred income tax assets		233,328	194,351
Pledged bank deposits		100,000	700,000
Term deposits		200,000	400,000
Total non-current assets		8,631,133	8,818,244
Current assets			
Inventories	12	1,652,566	955,438
Trade receivables	13	798,553	545,941
Prepayments, deposits and other receivables		743,621	545,916
Financial assets at fair value through profit or loss		2,613,941	2,789,800
Debt instruments at fair value through other comprehensive income		12,631	5,119
Pledged bank deposits		3,194,671	3,285,833
Term deposits		992,864	800,000
Cash and cash equivalents		7,067,644	7,913,807
Total current assets		17,076,491	16,841,854
Total assets		25,707,624	25,660,098

Condensed Consolidated Statement of Financial Position
As at 30 June 2024

	<i>Note</i>	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		57,292	85,460
Lease liabilities		85,127	99,778
Deferred income		69,419	63,333
Other non-current liabilities		537,266	565,226
Other payables and accruals		49,961	48,805
Total non-current liabilities		799,065	862,602
Current liabilities			
Borrowings		1,274,770	267,257
Trade and bills payables	14	11,951,945	13,672,198
Other payables and accruals		1,820,046	2,107,685
Contract liabilities		186,312	162,401
Lease liabilities		68,305	53,666
Income tax liabilities		156,142	133,083
Dividends payable	9	1,316,081	–
Total current liabilities		16,773,601	16,396,290
Total liabilities		17,572,666	17,258,892
Net assets		8,134,958	8,401,206
EQUITY			
Share capital	15	192	192
Share premium and reserves		8,134,544	8,400,792
Equity attributable to Owners of the Company		8,134,736	8,400,984
Non-controlling interests		222	222
Total equity		8,134,958	8,401,206

The accompanying notes on pages 25 to 40 form an integral part of this interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

Attributable to Owners of the Company														
	Note	Share										Non-controlling interests	Total	
		Share capital	Merger reserve	Share premium account	Statutory reserve	FVTOCI reserve	Treasury shares	Translation reserve	Share award reserve	Other reserve	Retained profits			Sub-total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (audited)		192	(121,024)	-	280,065	(14,658)	(210,749)	52,313	176,509	(185,819)	8,424,155	8,400,984	222	8,401,206
Profit for the period		-	-	-	-	-	-	-	-	-	1,033,866	1,033,866	-	1,033,866
Other comprehensive income for the period, net of income tax		-	-	-	-	-	-	13,474	-	-	-	13,474	-	13,474
Total comprehensive income for the period		-	-	-	-	-	-	13,474	-	-	1,033,866	1,047,340	-	1,047,340
Dividends provided for or paid	9	-	-	(86,537)	-	-	-	-	-	-	(1,229,543)	(1,316,081)	-	(1,316,081)
Employee share schemes – value of employee services	15(c)	-	-	-	-	-	-	-	(46,847)	-	-	(46,847)	-	(46,847)
Restricted share units vested	15(b)	-	-	86,537	-	-	42,140	-	(66,009)	-	-	62,668	-	62,668
Repurchase of shares for Share Award Scheme	15(b)	-	-	-	-	-	(13,329)	-	-	-	-	(13,329)	-	(13,329)
As at 30 June 2024 (unaudited)		192	(121,024)	-	280,065	(14,658)	(181,938)	65,787	63,653	(185,819)	8,228,478	8,134,736	222	8,134,958
At 1 January 2023 (audited)		192	(121,024)	45,837	227,220	(14,658)	(271,868)	70,052	186,431	(243,596)	6,763,786	6,642,372	222	6,642,594
Profit for the period		-	-	-	-	-	-	-	-	-	1,180,265	1,180,265	(856)	1,179,409
Other comprehensive income for the period, net of income tax		-	-	-	-	-	-	99,707	-	-	-	99,707	-	99,707
Total comprehensive income for the period		-	-	-	-	-	-	99,707	-	-	1,187,643	1,287,350	(856)	1,286,494
Dividends provided for or paid	9	-	-	(151,100)	-	-	-	-	-	-	(953,090)	(1,104,190)	-	(1,104,190)
Employee share schemes – value of employee services	15(c)	-	-	-	-	-	-	-	92,448	-	-	92,448	-	92,448
Restricted share units vested	15(b)	-	-	105,263	-	-	72,781	-	(84,201)	-	-	93,843	-	93,843
As at 30 June 2023 (unaudited)		192	(121,024)	-	227,220	(14,658)	(199,087)	169,759	194,678	(243,596)	6,998,339	7,011,823	(634)	7,011,189

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash (used in)/generated from operations		(369,974)	2,821,783
Income tax paid		(326,529)	(248,981)
Net cash (used in)/generated from operating activities		(696,503)	2,572,802
Cash flows from investing activities			
Proceeds from sale of financial assets at fair value through profit or loss		2,640,748	15,483,066
Payment for financial assets at fair value through profit or loss		(2,430,000)	(15,350,113)
Interest received from bank deposits		117,531	123,105
Purchases of property, plant and equipment		(815,315)	(537,275)
Proceeds from disposal of investments accounted for using equity method		–	12,500
Proceeds from disposal of property, plant and equipment		5,907	10,811
Purchases of intangible assets		(3,247)	(11,146)
Repayment of loans by third parties and a related party		–	8,610
Payment for term deposits		(992,864)	–
Proceeds from maturity of term deposits		600,000	–
Payment for acquisition of a subsidiary, net of cash acquired	17	(209,482)	–
Net cash used in investing activities		(1,086,722)	(260,442)
Cash flows from financing activities			
Repayment of borrowings		(268,095)	(1,294,855)
Proceeds from borrowings		1,309,547	383,572
Payment for pledged bank deposits		(114,000)	–
Interest paid		(9,037)	(4,537)
Proceeds from exercise of restricted share units		64,687	25,264
Repayments of lease liabilities		(44,328)	(34,318)
Repurchase of shares		(13,329)	–
Net cash generated from/(used in) financing activities		925,445	(924,874)
Net (decrease)/increase in cash and cash equivalents		(857,780)	1,387,486
Effect of foreign exchange rate changes on cash and cash equivalent		11,617	57,589
Cash and cash equivalents at beginning of the period		7,913,807	6,782,622
Cash and cash equivalents at end of the period		7,067,644	8,227,697

The accompanying notes on pages 25 to 40 form an integral part of this interim financial information.

Notes to the Condensed Consolidated Financial Information

1 GENERAL INFORMATION

Yadea Group Holdings Ltd. (the “**Company**”) is an exempted company incorporated in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) with effect from 19 May 2016.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the development, manufacture and sale of electric two-wheeled vehicles and related accessories in the People’s Republic of China (the “**PRC**”).

In the opinion of the Directors of the Company (the “**Directors**”), the ultimate holding companies of the Company are Dai Wei Investment Company Limited and Fang Yuan Investment Company Limited, which are incorporated in the British Virgin Islands, and the ultimate controlling shareholders of the Company are Mr. Jinggui Dong and Ms. Jinghong Qian (the “**Controlling Shareholders**”).

The condensed consolidated financial information has been approved for issue by the Board of Directors on 23 August 2024.

2 BASIS OF PREPARATION

The condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”).

The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023 and any public announcements made by the Company during the six months ended 30 June 2024.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings (Note 8) and the adoption of new and amended standards (Note 3.1) as set out below.

3.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, which did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

Notes to the Condensed Consolidated Financial Information

3 ACCOUNTING POLICIES (Continued)

3.2 New standards and amendments to standards that have been issued but not effective

A number of new standards and amendments to standards have not come into effect for the financial year beginning 1 January 2024 and have not been early adopted by the Group in preparing the condensed consolidated financial information. None of these is expected to have a significant effect on the condensed consolidated financial information of the Group.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the condensed consolidated 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 expenses. The resulting accounting estimates will, by definition, seldom equal the related actual results.

In preparing the condensed consolidated 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 applied to the consolidated financial statements for the year ended 31 December 2023.

5 REVENUE AND SEGMENT INFORMATION

5.1 Disaggregation of revenue from contract with customers

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Types of goods		
Electric bicycles	6,239,374	7,639,514
Electric scooters	3,546,576	4,577,196
Batteries and chargers	4,065,296	4,498,171
Electric two-wheeled vehicle parts	562,556	326,211
	14,413,802	17,041,092
Timing of revenue recognition		
At point in time	14,413,802	17,041,092

Information about major customers

Since no revenue from sale to a single customer amounted to 10% or more of the Group's revenue for the Reporting Period, no major customer information is presented in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 8 *Operating Segments*.

Notes to the Condensed Consolidated Financial Information

5 REVENUE AND SEGMENT INFORMATION (Continued)

5.2 Segment information

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company that make strategic decisions. The CODM considers the business primarily from product perspective.

The Group's operation has following reportable segments for the six months ended 30 June 2024 and 2023:

- Electric two-wheeled vehicles and related accessories, and;
- Batteries and electric drive.

The "Electric two-wheeled vehicles and related accessories" segment is mainly engaged in the development, manufacture and sales of electric two-wheeled vehicles and related accessories. "Batteries and electric drive" segment is mainly engaged in the production and sales of batteries and electric drive.

The CODM assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The revenues from inter-segment and external customers reported to the CODM are measured in a manner consistent with that applied in the condensed consolidated statement of profit or loss.

Other information, together with the segment information, provided to CODM, is measured in a manner consistent with that applied in this condensed financial information. There were no segment assets and segment liabilities information provided to the CODM, as the CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

The segment information provided to the CODM for the reportable segments for the six months ended 30 June 2024 and 2023 is as follows:

	Six months ended 30 June 2024				Six months ended 30 June 2023			
	Electric two-wheeled vehicles and related accessories	Batteries and electric drive	Elimination	Total	Electric two-wheeled vehicles and related accessories	Batteries and electric drive	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total segment revenue	14,205,169	2,526,456	(2,317,823)	14,413,802	16,988,740	1,928,281	(1,875,929)	17,041,092
Total segment cost	(11,941,141)	(2,151,986)	2,273,147	(11,819,980)	(14,300,947)	(1,735,398)	1,869,384	(14,166,961)
Gross profit	2,264,028	374,470		2,593,822	2,687,793	192,883		2,874,131

Notes to the Condensed Consolidated Financial Information

5 REVENUE AND SEGMENT INFORMATION (Continued)

5.2 Segment information (Continued)

Geographical information

Since over 90% of the Group's total consolidated revenue and operating profit were generated in the PRC and over 90% of the Group's non-current assets and liabilities were located in the PRC, no geographical information is presented in accordance with HKFRS 8 *Operating Segments*.

6 OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income		
Government grants	143,636	226,864
Bank interest income	140,619	97,736
Others	11,321	23,404
	295,576	348,004
Other gains		
Gains from financial assets at fair value through profit or loss	26,025	70,262
Net foreign exchange (loss)/gains	(31,854)	28,934
Gains from disposal of investments accounted for using the equity method	–	14,286
Net loss on disposal of property, plant and equipment and intangible assets	(6,316)	(10,500)
Others	(32,157)	(8,729)
	(44,302)	94,253
	251,274	442,257

Notes to the Condensed Consolidated Financial Information

7 EXPENSE BY NATURE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Raw materials and consumables used	11,326,318	13,605,241
Employee benefits expenses	994,083	1,296,812
Advertising expenses	149,353	205,724
Depreciation of property, plant and equipment	129,303	135,610
Travelling and transportation expenses	123,233	132,362
Outsourcing labor fee	85,182	129,180
Freight expenses	82,232	72,247
Consulting and professional service expenses	49,356	47,154
Depreciation of right-of-use assets	38,498	36,114
Amortisation of intangible assets	30,286	30,059
Product design fee	14,524	6,321
Outsourcing processing fee	7,343	43,029
Auditor's remuneration	3,150	3,600
– Audit services	3,150	3,600
Short-term and low-value lease	3,044	4,821
Amortisation of other long-term assets	–	19,901
Other expenses	301,211	245,860
Total cost of sales, selling and distribution expenses, administrative expenses and research and development expenses	13,337,116	16,014,035

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current PRC Enterprise Income Tax	348,980	245,378
Deferred income tax	(80,031)	3,070
Income tax expense for the period	268,949	248,448

Notes to the Condensed Consolidated Financial Information

9 DIVIDENDS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Final dividends for the year ended 31 December 2023 of 48 HK cents (2022 – final dividend 40 HK cents) per fully paid share	1,316,081	1,104,190

10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share (“**EPS**”) is calculated by dividing the profit of the Group attributable to the Owners of the Company by the weighted average number of ordinary shares in issue during each interim period.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit attributable to Owners of the Company (<i>RMB'000</i>)	1,033,866	1,187,643
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	2,998,289	2,975,091
Basic EPS (<i>in RMB cents/share</i>)	34.5	39.9

Notes to the Condensed Consolidated Financial Information

10 EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted EPS is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended 30 June 2024 and 2023, the Company has the dilutive potential ordinary shares of restricted share units (“RSUs”) and share options granted to employees. For the RSUs, the calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company’s shares during the period) based on the monetary value of the subscription rights attached to the outstanding RSUs. The RSUs are assumed to have been fully vested and released from restrictions with no impact on earnings.

The share options granted in January 2023 (Note 15(c)) are not included in the calculation of diluted EPS because they are antidilutive for the periods of six months ended 30 June 2024 and 2023.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit attributable to Owners of the Company arising from (RMB'000):	1,033,866	1,187,643
Weighted average number of ordinary shares in issue (thousand shares)	2,998,289	2,975,091
Adjustments for share based compensation – RSUs (thousand shares)	3,327	34,392
Weighted average number of ordinary shares for the calculation of diluted EPS (thousand shares)	3,001,616	3,009,483
Diluted EPS (in RMB cents/share)	34.4	39.5

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment with cost of RMB679,077,000 (the six months ended 30 June 2023: RMB363,763,000).

Property, plant and equipment with a net book value of RMB12,744,000 were disposed of by the Group during the six months ended 30 June 2024 (the six months ended 30 June 2023: RMB21,611,000).

As at 30 June 2024, certain of the Group’s buildings and construction in progress with an aggregate net carrying amount of RMB62,855,000 (31 December 2023: RMB80,448,000) were pledged to secure the Group’s bills payable.

Notes to the Condensed Consolidated Financial Information

12 INVENTORIES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Raw materials	950,156	362,554
Work in progress	353,363	242,863
Finished goods	349,047	350,021
	1,652,566	955,438

13 TRADE RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables	818,507	554,702
Less: allowance for credit losses	(19,954)	(8,761)
	798,553	545,941

The following is an ageing analysis of trade receivables, presented based on the invoice dates:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 6 months	751,839	523,011
Over 6 months	46,714	22,930
	798,553	545,941

Notes to the Condensed Consolidated Financial Information

14 TRADE AND BILLS PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables	5,735,364	4,373,328
Bills payables	6,216,581	9,298,870
	11,951,945	13,672,198

An ageing analysis of the trade payables as at the end of Reporting Period, based on the invoice date, is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 3 months	5,642,402	4,318,306
3 to 12 months	76,236	39,823
Over 12 months	16,726	15,199
	5,735,364	4,373,328

Trade payables are non-interest-bearing and have an average credit term of 30 to 90 days.

Notes to the Condensed Consolidated Financial Information

15 SHARE CAPITAL

(a) Share capital

	Number of shares	Share capital USD'000
Authorised:		
5,000,000,000 ordinary shares of USD0.00001 each	5,000,000,000	50
Issued and fully paid		
At 31 December 2023 and 30 June 2024	3,063,800,000	31
Equivalent to RMB'000		192

(b) Treasury shares

For the six months ended 30 June 2024 and 2023:

	Number of shares		RMB'000	
	2024 (Unaudited)	2023 (Unaudited)	2024 (Unaudited)	2023 (Unaudited)
Treasury shares				
At beginning of period	70,678,139	109,200,539	210,749	271,868
Share repurchase for Share Award Scheme	1,112,000	–	13,329	–
Vested and transferred to employees	(12,147,800)	(39,472,400)	(42,140)	(72,781)
At end of period	59,642,339	69,728,139	181,938	199,087

(c) Share based payment

The Company historically adopted the Share Award Schemes to recognise the contributions by certain participants and to give incentive to them in order to retain them for the continual operation and development of the Group, to attract suitable personnel for further development of the Group and to provide certain participants with a direct economic interest in attaining a long-term relationship between the Group and certain participants. A trust or equivalent entity (i.e. limited partnership) was established under a trust deed/partnership entered into by the Company to administer the schemes, and for the purchase or subscription of the shares of the Company, based on financial support given by the Group. Any shares subsequently awarded by the Company to the qualifying employees will be settled with the shares held by these entities on behalf of the Company. The Directors have determined that the Company controls the trust or equivalent entity through the trust deed/partnership agreement and therefore consolidates these entities.

Notes to the Condensed Consolidated Financial Information

15 SHARE CAPITAL (Continued)

(c) Share based payment (Continued)

RSUs

The following table summarizes certain information in respect of RSUs activity for the six months ended 30 June 2024 and 2023:

	Number of awards		Weighted average grant date fair value per share	
	2024 (Unaudited)	2023 (Unaudited)	2024 RMB (Unaudited)	2023 RMB (Unaudited)
RSUs outstanding, beginning of period	30,274,000	74,230,000	5.67	3.60
Vested	(12,147,800)	(39,472,400)	5.67	2.23
Forfeited	(788,200)	(2,894,600)	5.41	3.45
RSUs outstanding, end of period	17,338,000	31,863,000	5.68	5.31

In 2022, the Group has granted RSUs to certain employees under the Share Award Schemes. The RSUs granted would vest in different schedules from the grant date. The fair value of RSUs granted was determined by reference to the market price and exercise price of the ordinary share of the Company. Vesting of the RSUs is subject to certain performance measures and continued employment with the Group.

Share options

The following table summarizes certain information in respect of share options activity for the six months ended 30 June 2024 and 2023:

	Number of share options		Weighted average exercise price per share option	
	2024 (Unaudited)	2023 (Unaudited)	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Share options outstanding, beginning of period	31,740,000	–	13.89	–
Granted	–	33,550,000	–	13.89
Forfeited	(6,055,500)	(1,330,000)	13.89	13.89
Share options outstanding, end of period	25,684,500	32,220,000	13.89	13.89
Exercisable at the end of the period	4,495,500	–	13.89	–

Notes to the Condensed Consolidated Financial Information

15 SHARE CAPITAL (Continued)

(c) Share based payment (Continued)

Share options (Continued)

Fair value of options granted

The fair value of the share options granted was determined using Binomial Model. The exercise of the share options is subject to certain performance measures and continued employment with the Group. Key assumptions are set as below:

	Six months ended 30 June 2024
Grant date	17 January 2023
Expiry date	16 January 2028
Exercise price	HK\$16.14
Share price at grant date	HK\$16.14
Expected price volatility	53%
Expected dividend yield	2%
Risk-free interest rate	3%
Contractual term	5 years

The expected price volatility is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Share options granted ⁽ⁱ⁾	(9,806)	48,920
RSUs granted ⁽ⁱ⁾	(37,041)	43,528
	(46,847)	92,448

(i) The Company reversed share-based compensation expenses of RMB62,638,000 recognized in prior periods during the six months ended 30 June 2024 because the related performance conditions of the awards granted were not expected to be met.

Notes to the Condensed Consolidated Financial Information

16 CAPITAL COMMITMENTS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statement	758,645	815,006

17 BUSINESS COMBINATION

On 17 April 2024, Zhejiang Huayu Sodium Electric New Energy Technology Co., Ltd.*, a subsidiary of the Company, acquired 100% of the equity interests in Wuxi Lingbo Electronic Technology Co., Ltd.* (“Lingbo”), at a total cash consideration of RMB351,500,000. Lingbo is principally engaged in (i) the research, development, production and sales of intelligent control system solutions and products, and (ii) the provision of customized technical solutions for two-wheeled electric vehicles, garden tools, industrial robots, electric boats and other industries.

The assets and liabilities of Lingbo are recognised as a result of the acquisition are as follows:

	Fair Value RMB'000
Property, plant and equipment	9,987
Intangible assets ^(a)	114,833
Other non-current assets	19,434
Cash and cash equivalents	141,974
Trade receivables	38,700
Inventories	31,650
Other current assets	14,873
Trade and bills payables	(35,006)
Other payables and accruals	(4,920)
Other current liabilities	(8,129)
Non-current liabilities	(19,002)
Net identifiable assets acquired	304,394
Add: goodwill	47,106
	351,500

(a) The intangible assets mainly include acquired customer relationships of RMB92,900,000 and patents of RMB20,820,000 as a result of this business combination.

Notes to the Condensed Consolidated Financial Information

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Financial assets		
Financial assets at fair value through profit or loss ("FVTPL")	2,613,941	2,789,800
Financial assets at amortised cost	12,616,583	13,884,094
– Cash and cash equivalents	7,067,644	7,913,807
– Pledged bank deposits	3,294,671	3,985,833
– Term deposits	1,192,864	1,200,000
– Trade receivables	798,553	545,941
– Other receivables	262,851	238,513
Debt instruments at FVTOCI	12,631	5,119
Equity instruments at FVTOCI	355	353
	15,243,510	16,679,366
Financial liabilities		
At amortised cost:		
– Trade and bills payable	11,951,945	13,672,198
– Other payables and accruals ⁽ⁱ⁾	1,438,924	1,543,934
– Dividends payable	1,316,081	–
– Borrowings	1,274,770	267,257
– Other non-current liabilities	537,266	565,226
– Lease liabilities	153,432	153,444
	16,672,418	16,202,059

(i) Excluding staff costs and welfare accruals and other taxes.

Notes to the Condensed Consolidated Financial Information

18 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Fair Value Measurements of Financial Instruments

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As of 30 June 2024				
Assets				
Financial assets at FVTPL				
– Wealth management products and structured deposits at FVTPL	–	2,439,273	–	2,439,273
– Listed equity investment	72,794	–	–	72,794
– Unlisted equity investment	–	–	82,248	82,248
– Bond investment	–	6,079	–	6,079
– Other financial assets	13,547	–	–	13,547
Equity instrument at FVTOCI	–	–	355	355
Debt instruments at FVTOCI	–	12,631	–	12,631
Total	86,341	2,457,983	82,603	2,626,927

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2023				
Financial assets at FVTPL				
– Wealth management products and structured deposits	–	2,610,194	–	2,610,194
– Listed equity investment	84,204	–	–	84,204
– Unlisted equity investment	–	–	80,571	80,571
– Bond investment	–	3,049	–	3,049
– Other financial assets	11,782	–	–	11,782
Equity instrument at FVTOCI	–	–	353	353
Debt instrument at FVTOCI	–	5,119	–	5,119
Total	95,986	2,618,362	80,924	2,795,272

Notes to the Condensed Consolidated Financial Information

18 FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Fair Value Measurements of Financial Instruments (Continued)

The following table presents the changes in level 3 items for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
At the beginning of the period	80,924	66,444
Addition	1,677	1,786
Disposal	–	(2,059)
Currency translation difference	2	–
At the end of the period	82,603	66,171

19 RELATED PARTY TRANSACTIONS AND BALANCES

There were no significant related party transactions and balances for the six months ended 30 June 2024 and 2023 and as of 30 June 2024 and 31 December 2023.

* for identification purpose only