

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

2023

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. Li Zongwei (李宗煒)
(resigned with effect from 16 June 2023)
Mr. Wu Biguang (吳邲光)
(resigned with effect from 16 June 2023)
Mr. Yao Naisheng (姚乃勝)
(resigned with effect from 16 June 2023)
Mr. Wong Lung Ming (黃隆銘)
Mr. Chen Mingyu (陳明宇)
(appointed with effect from 16 June 2023)
Ms. Ma Chenguang (馬晨光)
(appointed with effect from 16 June 2023)
Ms. Liang Qin (梁勤)
(appointed with effect from 16 June 2023)

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 ADVISOR

As to Hong Kong Law:
Herbert Smith Freehills
23/F, Gloucester Tower
15 Queen's 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

In the first half of 2023, Yadea Group Holdings Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) continued to achieve strong growth by delivering another set of solid financial results. The sales volume of electric two-wheeled vehicles increased by approximately 33.8% from approximately 6,136,200 units for the six months ended 30 June 2022 to approximately 8,210,700 units for the six months ended 30 June 2023 the (“**Reporting Period**”). Revenue from the sales of electric two-wheeled vehicles and batteries and chargers increased by approximately 21.3% from approximately RMB14,050.6 million for the six months ended 30 June 2022 to approximately RMB17,041.1 million for the six months ended 30 June 2023, which are mainly attributable to the general recovery of market demand for daily commute, the expansion of the product portfolio targeting wider customer groups, the increase in the Group’s marketing and advertising efforts, and the expansion of distribution network.

During the Reporting Period, the Group continued to boost sales of its popular series of electric two-wheeled vehicles, including Guanneng (冠能) series and Lingpao (领跑) series. Taking into consideration of the growing demand for electric two-wheeled vehicles in the second and third tier cities in the PRC and the purchasing power of target customers in these cities, the Group has introduced new models to capture additional market share. In the first half of 2023, the Group launched 29 new models, including feature products Guanneng Discovery X7 (冠能探索X7), Guanneng “Queen’s retro car” Q9 (冠能奢想Q9), Guanneng Modern (冠能摩登) and Guanneng Discovery E10 (冠能探索E10). Both of Guanneng “Queen’s retro car” Q9 (冠能奢想Q9) and Guanneng Modern (冠能摩登) emphasize the European-style retro appearance and zero-pressure air cushion specially designed for female users, and tailor the seat height and handlebars, forward reach angle, and pedal height to cater to female users’ riding habits. Owing to its superior quality, fashionable design and reasonable price, our Guanneng Modern (冠能摩登), an electric bicycle model, has met with a warm reception and quick sales since its debut in March 2023. The Group sold more than 261,000 units of Guanneng Modern (冠能摩登) edition electric two-wheeled vehicle in three months. The Group will continue to invest in developing new models and upgrading the performance of the existing models of electric two-wheeled vehicles and electric bicycles.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2023, the Group recorded a revenue of approximately RMB17,041.1 million, representing an increase of approximately 21.3% compared with the corresponding period in 2022 of approximately RMB14,050.6 million. The increase was primarily attributable to the increase in sales volume of electric bicycles, electric scooters and batteries and chargers as a result of (i) the general recovery of market demand for daily commute, (ii) the expansion of the product portfolio targeting wider customer groups, (iii) the increase in the Group's marketing and advertising efforts, and (iv) the expansion of the Group's distribution network.

	For the six months ended 30 June 2023			For the six months ended 30 June 2022		
	Revenue RMB'000	% of total	Volume '000 units	Revenue RMB'000	% of total	Volume '000 units
Product Type						
Electric bicycles	7,639,514	44.8	5,538.9	5,201,631	37.0	3,606.8
Electric scooters	4,577,196	26.9	2,671.8	4,596,637	32.7	2,529.4
Subtotal	12,216,710	71.7	8,210.7	9,798,268	69.7	6,136.2
Batteries and chargers	4,498,171	26.4	Batteries: 8,763.3 Chargers: 7,110.0	3,907,361	27.8	Batteries: 7,044.2 Chargers: 4,900.5
Electric two-wheeled vehicle parts	326,211	1.9	N/A	345,008	2.5	N/A
Total	17,041,092	100.0	-	14,050,637	100.0	-

Sales volume of electric bicycles increased by approximately 53.6% from approximately 3,606,800 units for the six months ended 30 June 2022 to approximately 5,538,900 units for the six months ended 30 June 2023; and the sales volume of electric scooters increased by approximately 5.6% from approximately 2,529,400 units for the six months ended 30 June 2022 to approximately 2,671,800 units for the six months ended 30 June 2023.

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” segment is mainly engaged in the production and sales of batteries.

The segment information for the reportable segments for the six months ended 30 June 2023 and 2022 is as follows:

	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Electric two-wheeled vehicles and related accessories RMB'000	Batteries RMB'000	Elimination RMB'000	Total RMB'000	Electric two-wheeled vehicles and related accessories RMB'000	Batteries RMB'000	Elimination RMB'000	Total RMB'000
Total segment revenue	16,988,740	1,928,281	(1,875,929)	17,041,092	13,659,387	1,921,354	(1,530,104)	14,050,637
Total segment cost	(14,300,947)	(1,735,398)	1,869,384	(14,166,961)	(11,305,089)	(1,752,163)	1,524,834	(11,532,418)
Gross profit	2,687,793	192,883	(6,545)	2,874,131	2,354,298	169,191	(5,270)	2,518,219

Cost of sales

Cost of sales increased by approximately 22.8% from approximately RMB11,532.4 million for the six months ended 30 June 2022 to approximately RMB14,167.0 million for the six months ended 30 June 2023, which is in line with the increase in revenue.

Gross profit and gross profit margin

As a result of the foregoing, the Group’s gross profit increased by approximately 14.1% from approximately RMB2,518.2 million for the six months ended 30 June 2022 to approximately RMB2,874.1 million for the six months ended 30 June 2023. Gross profit margin was 16.9% for the six months ended 30 June 2023, slightly lower than the gross profit margin of 17.9% for the six months ended 30 June 2022, primarily due to the change of product mix.

Other income and gains, net

Other income and gains, net increased by approximately 102.6% from approximately RMB218.2 million for the six months ended 30 June 2022 to approximately RMB442.3 million for the six months ended 30 June 2023. Such increase was primarily due to the increase in government grants, bank interest income and gains from financial assets at fair value through profit or loss.

Profit for the Reporting Period

As a result of the cumulative effect of the foregoing, the Group’s profit increased by approximately 31.2% from approximately RMB904.5 million for the six months ended 30 June 2022 to approximately RMB1,186.8 million for the six months ended 30 June 2023.

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

As of 30 June 2023, cash and cash equivalents amounted to approximately RMB8,227.7 million, representing an increase of approximately 21.3% from approximately RMB6,782.6 million as of 31 December 2022. Such increase was primarily due to approximately RMB2,572.8 million net cash inflow generated from operating activities, approximately RMB260.4 million net cash outflow used in investing activities and approximately RMB924.9 million net cash outflow used in financing activities. As at 30 June 2023, 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 cash flows generated from its operating activities.

Net cash inflow generated from operating activities was approximately RMB2,572.8 million for the six months ended 30 June 2023, as compared with net cash inflow generated from operating activities of approximately RMB448.9 million for the six months ended 30 June 2022. Net cash outflow used in investing activities was approximately RMB260.4 million for the six months ended 30 June 2023, as compared with net cash outflow used in investing activities of approximately RMB642.1 million for the six months ended 30 June 2022. Net cash outflow used in financing activities was approximately RMB924.9 million for the six months ended 30 June 2023, as compared with net cash inflow generated from financing activities of approximately RMB695.0 million for the six months ended 30 June 2022.

The Group's primary source of funding comes from cash flows generated from its operating activities. As at 30 June 2023, the Group recorded borrowings of approximately RMB318.6 million with fixed interests at a range of 1.0% to 2.5%.

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 2023, 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 11.0% from RMB4,208.5 million as at 31 December 2022 to RMB3,744.1 million as at 30 June 2023. For the six months ended 30 June 2023, the Company recorded a gain in fair value of the financial assets at FVTPL of approximately RMB70.3 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 liabilities

As of 30 June 2023, the Group had net current liabilities of approximately RMB343.7 million, as compared with net current liabilities of approximately RMB125.4 million as of 31 December 2022. The increase in net current liabilities as of 30 June 2023 was mainly attributable to the record of dividends payable as a current liability, and the decrease in current assets which was mainly due to the decrease in pledged bank deposits and financial assets at fair value through profit or loss.

Inventory

Inventory primarily consisted of raw materials, work in progress and finished goods. Inventory decreased by approximately 22.3% from approximately RMB1,458.0 million as of 31 December 2022 to approximately RMB1,132.2 million as of 30 June 2023, primarily due to the decrease in inventory reserves. The average inventory turnover days for the six months ended 30 June 2023 decreased to 16.5 days from 18.1 days for the corresponding period in 2022.

Gearing ratio

Gearing ratio is calculated by other non-current liability and borrowings divided by total equity. As at 30 June 2023, the gearing ratio of the Group is 12.4% (31 December 2022: 26.8%). The gearing ratio for the six months ended 30 June 2023 decreased mainly because of the decrease in borrowings.

Human resources

As of 30 June 2023, the Group had 11,988 employees (31 December 2022: 11,825). Total staff costs, including labour outsourcing cost but excluding the Directors' remuneration, were approximately RMB1,426.0 million (the six months ended 30 June 2022: approximately RMB1,108.1 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 2023, 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 2023, the pledged assets of the Group amounted to RMB3,484.6 million (31 December 2022: RMB5,438.0 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 2023, 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 2023, 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 10 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	1,910,996,943 (L)	62.37%
Ms. Qian Jinghong ^(Notes 2 & 3)	Interest of controlled corporation/ interest of concert parties	1,910,996,943 (L)	62.37%

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 511,598,859 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 2023.

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 2023, 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 2023, 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	1,910,996,943 (L)	62.37%
Fang Yuan (Notes 2 & 3)	Beneficial interest/interest of concert parties	1,910,996,943 (L)	62.37%

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 2023.

Save as disclosed above, as at 30 June 2023, 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

SHARE OPTION SCHEME

On 22 April 2016, the shareholders of the Company (the “Shareholders”) approved and adopted a share option scheme (the “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 Share Option Scheme. The Company received such approval from the Hong Kong Stock Exchange on 18 May 2016.

The purpose of the Share Option Scheme is 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. The table below sets out a summary of the details of the movement of the share options granted pursuant to the Share Option Scheme:

Grantee	Outstanding options as at 1 January 2023	Date of grant	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	Outstanding options as at 30 June 2023
Employees	N/A	17 January 2023 <small>(Note 1)</small>	33,550,000	2024-2026 <small>(Note 2)</small>	17 January 2023- 17 January 2028	For the Company and the grantees <small>(Note 3)</small>	HK\$16.14 per Share	13.89	0	N/A	1,330,000	32,220,000

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% 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 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 2023, the number of Shares available for grant under the scheme mandate limit of the Share Option Scheme is 300,000,000 Shares.

As at 30 June 2023, the number of Shares available for grant under the Share Option Scheme is 266,450,000 Shares.

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.

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.

(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.

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.

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	Unvested awards as at 1 January 2023	Awards granted during the Reporting Period		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 2023	Fair value of awards at the date of grant (RMB)
Employees											
	9 January 2020	27,880,000	-	2020-2023	(26,760,000) <small>(Note 1)</small>	0.89	N/A	N/A	(1,120,000)	0	1.13
	20 January 2022	46,350,000	-	2022-2026	(12,712,400) <small>(Note 1)</small>	4.69	N/A	N/A	(1,774,600)	31,863,000	4.94

Note:

- (1) The weighted average closing price of the Shares immediately before the dates on which the awards were vested was HK\$18.64 per Share.

As at 1 January 2023, the number of Shares available for grant under the Share Award Schemes was 109,200,539, of which 16,012,000 was under the First Share Award Scheme, 17,512,539 was under the Second and Third Share Award Schemes, and 75,676,000 was under the Fourth Share Award Scheme.

As at 30 June 2023, the number of Shares available for grant under the Share Award Schemes was 69,728,139 of which 4,764,539 was under the First Share Award Scheme, 0 was under the Second and Third Share Award Schemes, and 64,963,600 was under the Fourth Share Award Scheme.

As at 30 June 2023, the number of Shares that may be issued in respect of options and awards granted under all share schemes of the Company during the Reporting Period divided by the weighted average number of Shares in issue for the six months ended 30 June 2023 is 1.13%.

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

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.

As of 30 June 2023, 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 2023	
Building overseas research and development centers, manufacturing facilities, distribution networks	45.0
Potential mergers and acquisitions	0.0
Remaining balance	682.8

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

Corporate Governance and Other Information

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

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

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 14 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 for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 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 2023.

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 during the Reporting Period.

CHANGES IN BOARD COMPOSITION

Mr. Chen Mingyu has been appointed as an independent non-executive Director, the chairman of the audit committee and a member of the nomination committee of the Company with effect from 16 June 2023.

Ms. Ma Chenguang has been appointed as an independent non-executive Director, the chairman of the remuneration committee and a member of each of the audit committee and nomination committee of the Company with effect from 16 June 2023.

Ms. Liang Qin has been appointed as an independent non-executive Director and a member of each of the audit committee, remuneration committee and nomination committee of the Company with effect from 16 June 2023.

Mr. Li Zongwei, Mr. Yao Naisheng and Mr. Wu Biguang have resigned as independent non-executive Directors with effect from 16 June 2023.

For further details, please refer to the announcement dated 27 March 2023, the circular dated 27 April 2023 and the announcement dated 16 June 2023, of 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 2023 (the six months ended 30 June 2022: 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 have 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 2023

	Note	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	5	17,041,092	14,050,637
Cost of sales	7	(14,166,961)	(11,532,418)
Gross profit		2,874,131	2,518,219
Selling and distribution expenses	7	(820,883)	(635,883)
Administrative expenses	7	(471,376)	(466,996)
Research and development costs	7	(554,815)	(505,347)
Other income and gains – net	6	442,257	218,249
Operating profit		1,469,314	1,128,242
Finance costs		(22,112)	(29,896)
Share of losses of investments accounted for using the equity method		(11,967)	(15,537)
Profit before income tax		1,435,235	1,082,809
Income tax expense	8	(248,448)	(178,284)
Profit for the period		1,186,787	904,525
Profit attributable to:			
– Owners of the Company		1,187,643	898,979
– Non-controlling interests		(856)	5,546
		1,186,787	904,525
Earnings per share			
– Basic (in RMB cents per share)	10(a)	39.9	31.1
– Diluted (in RMB cents per share)	10(b)	39.5	30.7

The accompanying notes on pages 23 to 42 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 2023

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit for the period	1,186,787	904,525
Other comprehensive income		
<i>Item that will not be reclassified to profit or loss:</i>		
Exchange difference on translation from functional currency to presentation currency	47,252	17,770
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	52,455	4,904
Other comprehensive income for the period, net of tax	99,707	22,674
Total comprehensive income for the period	1,286,494	927,199
Total comprehensive income attributable to:		
– Owners of the Company	1,287,350	921,653
– Non-controlling interests	(856)	5,546
	1,286,494	927,199

The accompanying notes on pages 23 to 42 form an integral part of this interim financial information.

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	<i>Note</i>	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	11	3,497,770	3,291,228
Right-of-use assets		973,982	936,464
Intangible assets	17	981,074	997,042
Investments accounted for using the equity method		87,880	99,622
Equity instruments at fair value through other comprehensive income		361	2,419
Prepayments, deposits and other receivables		1,388,412	1,072,295
Prepayment for acquisition of property, plant and equipment and right-of-use assets		144,562	54,020
Deferred income tax assets		103,877	62,141
Other long-term assets		22,539	42,440
Pledged bank deposits		400,000	800,000
Term deposits		600,000	200,000
Total non-current assets		8,200,457	7,557,671
Current assets			
Inventories	12	1,132,247	1,458,049
Trade receivables	13	731,996	388,315
Prepayments, deposits and other receivables		794,251	667,666
Financial assets at fair value through profit or loss		3,744,118	4,208,546
Debt instruments at fair value through other comprehensive income		6,024	20,093
Pledged bank deposits		2,753,124	3,869,724
Cash and cash equivalents		8,227,697	6,782,622
Total current assets		17,389,457	17,395,015
Total assets		25,589,914	24,952,686

Condensed Consolidated Statement of Financial Position
As at 30 June 2023

	<i>Note</i>	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		43,510	64,869
Lease liabilities		139,373	82,166
Deferred income		66,111	83,202
Other non-current liabilities		553,760	500,187
Other payables and accruals		42,811	59,282
Total non-current liabilities		845,565	789,706
Current liabilities			
Borrowings		318,620	1,281,679
Trade and bills payables	14	13,511,403	13,592,878
Other payables and accruals		2,323,746	2,261,424
Contract liabilities		267,875	225,513
Lease liabilities		32,960	47,087
Income tax liabilities		174,366	111,805
Dividends payable	9	1,104,190	–
Total current liabilities		17,733,160	17,520,386
Total liabilities		18,578,725	18,310,092
Net assets		7,011,189	6,642,594
EQUITY			
Share capital	15	192	192
Share premium and reserves		7,011,631	6,642,180
Equity attributable to owners of the Company		7,011,823	6,642,372
Non-controlling interests		(634)	222
Total equity		7,011,189	6,642,594

The accompanying notes on pages 23 to 42 form an integral part of this interim financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the Company													
	Note	Share capital	Merger reserve	Share premium account	Statutory reserve	FVTOCI reserve	Treasury shares	Translation reserve	Share award reserve	Other reserve	Retained profits	Sub-total	Non-controlling interests	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 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		-	-	-	-	-	-	-	-	-	1,187,643	1,187,643	(856)	1,186,787
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
At 1 January 2022 (audited)		187	(121,024)	-	198,093	4,574	(295,183)	(2,128)	83,838	-	4,631,819	4,500,176	12,223	4,512,399
Profit for the period		-	-	-	-	-	-	-	-	-	898,979	898,979	5,546	904,525
Other comprehensive income for the period, net of income tax		-	-	-	-	-	22,674	-	-	-	-	22,674	-	22,674
Total comprehensive income for the period		-	-	-	-	-	22,674	-	-	-	898,979	921,653	5,546	927,199
Dividends provided for or paid	9	-	-	(705,304)	-	-	-	-	-	-	-	(705,304)	-	(705,304)
Employee share schemes – value of employee services	15(c)	-	-	-	-	-	-	-	67,880	-	-	67,880	-	67,880
Restricted share units vested	15(b)	-	-	23,412	-	-	23,315	-	(29,314)	-	-	17,413	-	17,413
Issue of new shares		5	-	727,837	-	-	-	-	-	-	-	727,842	-	727,842
Non-controlling interest arising on acquisition of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(159,582)	(159,582)
Disposal of a subsidiary		-	-	-	-	-	-	-	-	-	-	-	(1,233)	(1,233)
As at 30 June 2022 (unaudited)		192	(121,024)	45,945	198,093	4,574	(271,868)	20,546	122,404	-	5,530,798	5,529,660	(143,046)	5,386,614

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	2,821,783	538,331
Income tax paid	(248,981)	(89,398)
Net cash generated from operating activities	2,572,802	448,933
Cash flows from investing activities		
Proceeds from sale of financial assets at fair value through profit or loss	15,430,000	12,729,987
Payment for financial assets at fair value through profit or loss	(15,350,113)	(12,569,086)
Interest received from bank deposits	123,105	36,689
Purchases of property, plant and equipment and other long-term assets	(537,275)	(350,298)
Proceeds from disposal of investments accounted for using equity method	12,500	–
Proceeds from disposal of property, plant and equipment and intangible assets	10,811	19,684
Purchases of intangible assets	(11,146)	(7,599)
Repayment of loans by third parties and a related party	8,610	3,249
Payment for term deposits with initial term over 3 months	–	(402,000)
Proceeds from disposal of term deposits with initial term over 3 months	–	202,000
Payment for acquisition of subsidiaries, net of cash acquired	–	(301,968)
Purchase of investments accounted for using the equity method	–	(66,000)
Interest received from wealth management products and structured deposits	53,066	60,190
Proceeds from disposal of one subsidiary, net of cash disposed	–	3,099
Net cash used in investing activities	(260,442)	(642,053)
Cash flows from financing activities		
Repayment of borrowings	(1,294,855)	(1,620,193)
Proceeds from borrowings	383,572	1,626,841
Interest paid	(4,537)	(25,442)
Proceeds from exercise of restricted share units	25,264	8,926
Repayments of lease liabilities	(34,318)	(23,024)
Proceeds from issues of shares, net of shares issue costs	–	727,842
Net cash (used in)/generated from financing activities	(924,874)	694,950
Net increase in cash and cash equivalents	1,387,486	501,830
Effect of foreign exchange rate changes on cash and cash equivalent	57,589	32,495
Cash and cash equivalents at beginning of the period	6,782,622	6,073,112
Cash and cash equivalents at end of the period	8,227,697	6,607,437

The accompanying notes on pages 23 to 42 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. Dong Jinggui and Ms. Qian Jinghong (the “**Controlling Shareholders**”).

The condensed consolidated financial information has been approved for issue by the Board of Directors on 28 August 2023.

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 16 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 2022 and any public announcements made by the Company during the six months ended 30 June 2023.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, 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 2023 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 2022.

5 REVENUE AND SEGMENT INFORMATION

5.1 Disaggregation of revenue from contract with customers

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Types of goods		
Electric bicycles	7,639,514	5,201,631
Electric scooters	4,577,196	4,596,637
Batteries and chargers	4,498,171	3,907,361
Electric two-wheeled vehicle parts	326,211	345,008
	17,041,092	14,050,637
Timing of revenue recognition		
At point in time	17,041,092	14,050,637

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 2023 and 2022:

- Electric two-wheeled vehicles and related accessories; and
- Batteries.

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" segment is mainly engaged in the production and sales of batteries of Huayu (as defined below).

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 2023 and 2022 is as follows:

	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Electric two-wheeled vehicles and related accessories	Batteries	Elimination	Total	Electric two-wheeled vehicles and related accessories	Batteries	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total segment revenue	16,988,740	1,928,281	(1,875,929)	17,041,092	13,659,387	1,921,354	(1,530,104)	14,050,637
Total segment cost	(14,300,947)	(1,735,398)	1,869,384	(14,166,961)	(11,305,089)	(1,752,163)	1,524,834	(11,532,418)
Gross profit	2,687,793	192,883	(6,545)	2,874,131	2,354,298	169,191	(5,270)	2,518,219

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 revenue and operating profit were generated from the sale of electric two-wheeled vehicles 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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Other income		
Government grants	226,864	107,297
Bank interest income	97,736	62,722
Others	23,404	12,290
	348,004	182,309
Other gains		
Gains from financial assets at fair value through profit or loss	70,262	30,243
Net foreign exchange gains	28,934	20,515
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	(10,500)	(7,056)
Others	(8,729)	(7,762)
	94,253	35,940
	442,257	218,249

Notes to the Condensed Consolidated Financial Information

7 EXPENSE BY NATURE

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Raw materials and consumables used	13,605,241	11,156,193
Employee benefits expenses	1,296,812	1,012,861
Advertising expenses	205,724	132,962
Depreciation of property, plant and equipment	135,610	114,086
Travelling and transportation expenses	132,362	82,902
Outsourcing labor fee	129,180	95,242
Outsourcing processing fee	93,029	76,869
Consulting and professional service expenses	47,154	33,256
Freight expenses	72,247	146,216
Depreciation of right-of-use assets	36,114	33,752
Amortisation of intangible assets	30,059	30,276
Amortisation of other long-term assets	19,901	26,920
Product design fee	6,321	20,221
Short-term and low-value lease	4,821	6,060
Auditor's remuneration	3,600	4,308
– Audit services	3,600	4,100
– Non-audit services	–	208
Other expenses	195,860	168,520
Total cost of sales, selling and distribution expenses, administrative expenses and research and development expenses	16,014,035	13,140,644

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current PRC Enterprise Income Tax	245,378	209,176
Deferred income tax	3,070	(30,892)
Income tax expense for the period	248,448	178,284

Notes to the Condensed Consolidated Financial Information

9 DIVIDENDS

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Final dividends for the year ended 31 December 2022 of 40 HK cents (2021 – final dividend 28 HK cents) per fully paid share	1,104,190	705,304

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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	1,187,643	898,979
Weighted average number of ordinary shares in issue (thousand shares)	2,975,091	2,887,175
Basic EPS (in RMB cents/share)	39.9	31.1

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 2022 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 anti-dilutive for the period ended 30 June 2023. These share options could potentially dilute basic EPS in the future.

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit attributable to owners of the Company arising from (RMB'000):	1,187,643	898,979
Weighted average number of ordinary shares in issue (thousand shares)	2,975,091	2,887,175
Adjustments for share based compensation – RSUs (thousand shares)	34,392	41,412
Weighted average number of ordinary shares for the calculation of diluted EPS (thousand shares)	3,009,483	2,928,587
Diluted EPS (in RMB cents/share)	39.5	30.7

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with cost of RMB363,763,000 (the six months ended 30 June 2022: RMB348,109,000).

Property, plant and equipment with a net book value of RMB21,611,000 were disposed of by the Group during the six months ended 30 June 2023 (the six months ended 30 June 2022: RMB20,863,000).

As at 30 June 2023, certain of the Group’s buildings and construction in progress with an aggregate net carrying amount of RMB331,442,000 (31 December 2022: RMB420,229,000) were pledged to secure the Group’s bills payable.

Notes to the Condensed Consolidated Financial Information

12 INVENTORIES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Raw materials	576,161	753,835
Work in progress	291,050	346,343
Finished goods	265,036	357,871
	1,132,247	1,458,049

13 TRADE RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables	733,610	396,531
Less: allowance for credit losses	(1,614)	(8,216)
	731,996	388,315

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

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 6 months	706,949	378,822
Over 6 months	25,047	9,493
	731,996	388,315

Notes to the Condensed Consolidated Financial Information

14 TRADE AND BILLS PAYABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade payables	5,741,833	3,779,421
Bills payables	7,769,570	9,813,457
	13,511,403	13,592,878

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 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Within 3 months	5,716,536	3,726,902
3 to 6 months	19,257	45,458
6 to 12 months	1,499	3,263
12 to 24 months	1,484	1,162
Over 24 months	3,057	2,636
	5,741,833	3,779,421

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 2022 and 30 June 2023	3,063,800,000	31
Equivalent to RMB'000		192

(b) Treasury shares

For the six months ended 30 June 2023 and 2022:

	Number of shares		RMB'000	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
Treasury shares				
At beginning of period	109,200,539	129,562,539	271,868	295,183
Vested and transferred to employees	(39,472,400)	(20,362,000)	(72,781)	(23,315)
At end of period	69,728,139	109,200,539	199,087	271,868

(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 2023 and 2022:

	Number of Awards		Weighted Average Grant Date Fair Value Per Share	
	2023 (Unaudited)	2022 (Unaudited)	2023 RMB (Unaudited)	2022 RMB (Unaudited)
RSUs outstanding, beginning of period	74,230,000	51,940,000	3.60	1.13
Granted	–	50,660,000	–	4.94
Vested	(39,472,400)	(20,362,000)	2.23	1.20
Forfeited	(2,894,600)	(4,618,000)	3.45	1.13
RSUs outstanding, end of period	31,863,000	77,620,000	5.31	3.60

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 2023:

	Number of share options 2023 (Unaudited)	Weighted Average exercise price per share option 2023 RMB (Unaudited)
Share options outstanding, beginning of period	–	–
Granted	33,550,000	13.89
Forfeited	(1,330,000)	13.89
Share options outstanding, end of period	32,220,000	13.89

Notes to the Condensed Consolidated Financial Information

15 SHARE CAPITAL (Continued)

(c) Share based payment (Continued)

Share options (Continued)

In January 2023, the Group has granted share options to certain employees under the share award schemes. 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.

For the six months ended 30 June 2023 and 2022, the total expenses arising from share-based payment transactions recognised as part of employee benefit expense were as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Share options granted	48,920	–
RSUs granted	43,528	67,880
	92,448	67,880

16 CAPITAL COMMITMENTS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 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	833,793	406,378

Notes to the Condensed Consolidated Financial Information

17 BUSINESS COMBINATION

On 4 January 2022, Yadea Technology Group Co., Ltd., a wholly-owned subsidiary of the Company, acquired 70% of the equity interests in Jieshoushi Nandu Huayu Power Co., Ltd. and Zhejiang Changxing Nandu Power Co., Ltd. (collectively, “**Huayu**”), at a total cash consideration of RMB311,500,000.

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

	Fair Value RMB'000
Cash and cash equivalents	9,532
Intangible assets*	310,848
Property, plant and equipment	280,374
Other non-current assets	41,752
Trade receivables	599,748
Inventories	423,263
Other current assets	692,674
Non-current liabilities	(30,063)
Other payables and accruals	(394,932)
Borrowings	(1,990,531)
Trade and bills payables	(285,559)
Other current liabilities	(189,046)
Net identifiable liabilities acquired	(531,940)
Less: non-controlling interest	159,582
Add: goodwill	683,858
	311,500

* The intangible assets mainly include acquired patents of RMB310,480,000 as a result of this business combination.

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 2023				
Assets				
Financial assets at FVTPL				
– Wealth management products and structured deposits at FVTPL	–	3,558,805	–	3,558,805
– Listed equity investment	105,041	–	–	105,041
– Unlisted equity investment	–	–	65,810	65,810
– Bond investment	–	4,507	–	4,507
– Other financial assets	9,955	–	–	9,955
Equity instrument at FVTOCI	–	–	361	361
Debt instruments at FVTOCI	–	6,024	–	6,024
	114,996	3,569,336	66,171	3,750,503
As of 31 December 2022				
Assets				
Financial assets at FVTPL				
– Wealth management products and structured deposits at FVTPL	–	4,036,671	–	4,036,671
– Listed equity investment	83,114	–	–	83,114
– Unlisted equity investment	–	–	64,025	64,025
– Bond investment	–	14,781	–	14,781
– Other financial assets	9,955	–	–	9,955
Equity instruments at FVTOCI	–	–	2,419	2,419
Debt instruments at FVTOCI	–	20,093	–	20,093
	93,069	4,071,545	66,444	4,231,058

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 2023 and 2022:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
At the beginning of the period	66,444	81,626
Addition	1,786	–
Disposal	(2,059)	–
Currency translation difference	–	823
At the end of the period	66,171	82,449

19 RELATED PARTY TRANSACTIONS AND BALANCES

Particulars of the related party, which entered into material transaction with the Group, is as follows:

Name	Relationship
Zhejiang Narada Power Source Co., Ltd. and its subsidiaries (“Narada”)	A non-controlling interests shareholder holding 30% shares of the Group’s subsidiary

As disclosed in Note 17, the Group acquired 70% of equity interests in Huayu on 4 January 2022, and since then, Narada, who held 30% shares in Huayu, became the Group’s related party. As the Group acquired all the remaining equity interests in Huayu from Narada in August 2022, Narada was no longer the Group’s related party. Disclosure of transactions with Narada only covered period from 4 January 2022 to 30 June 2022.

Notes to the Condensed Consolidated Financial Information

19 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Transactions with related parties

(i) Purchases of products and equipment

	Six months ended 30 June 2022 RMB'000
Narada	1,055,081

The purchases of products and equipment were made on terms agreed between the parties.

(ii) Sales of products

	Six months ended 30 June 2022 RMB'000
Narada	86,854

The sales were made on terms agreed between the parties.

(iii) Proceeds from borrowings

	Six months ended 30 June 2022 RMB'000
Narada	288,000

Notes to the Condensed Consolidated Financial Information

19 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(a) Transactions with related parties (Continued)

(iv) Repayment of borrowings

	Six months ended 30 June 2022 RMB'000
Narada	909,070

(v) Interest charged by related parties

	Six months ended 30 June 2022 RMB'000
Narada	6,073

Notes to the Condensed Consolidated Financial Information

19 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(b) Due to related parties**(i) Trade payables**

	As at 30 June 2022 RMB'000
Narada	10,951

(ii) Other payables

	As at 30 June 2022 RMB'000
Narada	15,866

(iii) Borrowings due to related parties

	As at 30 June 2022 RMB'000
Narada	442,751

Notes to the Condensed Consolidated Financial Information

19 RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Due from related parties

Other receivables and prepayments

	As at 30 June 2022 RMB'000
Narada	32,571

(d) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Share-based compensation expenses	13,412	1,126
Salaries	4,737	3,582
Pension scheme contribution and social welfare	323	166
	18,472	4,874