恒大汽车
EVERGRANDE AUTO

CHINA EVERGRANDE NEW ENERGY VEHICLE GROUP LIMITED

中國恒大新能源汽車集團有限公司

(a company incorporated in Hong Kong with limited liability)

(Stock Code: 708)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

INTERIM RESULTS

The Board (the "**Board**") of Directors of China Evergrande New Energy Vehicle Group Limited is pleased to present the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2021 together with comparative figures stated in this announcement for reference.

FINANCIAL SUMMARY

	Six months ended 30 June 2021 *RMB million*
Revenue	
Health management revenue	**6,886**
New energy vehicle business revenue	**37**
Total revenue	**6,923**
Gross profit	**247**
Loss for the period	**(4,822)**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**6,923,244**	4,510,321
Cost of sales	*4*	**(6,675,969)**	(3,247,974)
Gross profit		**247,275**	1,262,347
Other costs, net		**(1,512)**	(11,526)
Other (losses)/gains, net	*5*	**(658,515)**	63,895
Selling and marketing expenses	*4*	**(1,451,965)**	(747,613)
Administrative expenses	*4*	**(2,088,035)**	(1,403,819)
Net impairment (losses)/gains on financial assets		**(51,721)**	7,619
Fair value losses on investment properties, net		**(29,300)**	(58,340)
Operating loss		**(4,033,773)**	(887,437)
Finance income	*6*	**58,385**	64,061
Finance costs	*6*	**(1,049,762)**	(1,363,251)
Finance costs, net	*6*	**(991,377)**	(1,299,190)
Share of net losses of investments accounted for using the equity method		**(412,376)**	(32,966)
Fair value gains/(losses) on financial assets at fair value through profit or loss		**946,674**	(26,915)
Fair value losses on derivative financial liabilities		**(301,066)**	—
Loss before income tax		**(4,791,918)**	(2,246,508)
Income tax expenses	*7*	**(29,708)**	(210,402)
Loss for the period		**(4,821,626)**	(2,456,910)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Currency translation differences		**(336,614)**	(345,385)
Total comprehensive loss for the period		**(5,158,240)**	(2,802,295)

	Note	Six months ended 30 June 2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Loss attributable to:			
Owners of the Company		**(4,786,897)**	(2,273,947)
Non-controlling interests		**(34,729)**	(182,963)
Loss for the period		**(4,821,626)**	(2,456,910)
Total comprehensive loss attributable to:			
Owners of the Company		**(5,123,511)**	(2,531,917)
Non-controlling interests		**(34,729)**	(270,378)
Total comprehensive loss for the period		**(5,158,240)**	(2,802,295)
Loss per share for loss attributable to owners of the Company *(expressed in RMB cents per share)*			
— Basic loss per share	*9*	**(51.310)**	(26.319)
— Diluted loss per share	*9*	**(51.310)**	(26.319)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2021 (Unaudited)** *RMB'000*	As at 31 December 2020 (Audited) *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**21,294,077**	17,058,834
Right-of-use assets		**5,493,443**	4,709,499
Investment properties		**908,800**	938,100
Intangible assets		**11,990,210**	10,243,587
Goodwill		**5,964,172**	6,244,210
Trade receivables	*10*	**72,849**	139,361
Prepayments	*11*	**1,284,037**	1,285,886
Investments accounted for using the equity method		**1,060,075**	1,460,784
Financial assets at fair value through profit or loss		**5,034,197**	4,454,618
Deferred income tax assets		**407,717**	308,369
		53,509,577	46,843,248
Current assets			
Trade and other receivables and prepaid taxes	*10*	**12,456,381**	7,973,999
Prepayments	*11*	**6,505,462**	6,386,076
Properties under development		**64,849,748**	61,126,374
Completed properties held for sales		**14,023,488**	12,678,679
Inventories		**319,017**	310,350
Contract acquisition costs		**714,876**	601,355
Financial assets at fair value through profit or loss		**198,259**	—
Restricted cash		**2,936,427**	3,668,420
Cash and cash equivalents		**9,577,100**	10,476,239
		111,580,758	103,221,492
Total assets		**165,090,335**	150,064,740
EQUITY			
Share capital and share premium		**25,562,422**	3,759,410
Reserves		**3,301,820**	3,187,047
Accumulated losses		**(17,784,010)**	(12,997,113)
		11,080,232	(6,050,656)
Non-controlling interests		**995,434**	212,134
Total equity/(deficit)		**12,075,666**	(5,838,522)

	Note	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		**636,674**	589,422
Deferred income		**3,816,604**	2,641,094
Borrowings		**21,821,897**	55,915,728
Deferred income tax liabilities		**2,159,433**	2,216,209
		28,434,608	61,362,453
Current liabilities			
Contract liabilities		**35,884,516**	23,464,876
Lease liabilities		**269,718**	214,351
Derivative financial liabilities		**300,383**	—
Trade and other payables	*12*	**73,045,007**	52,964,764
Borrowings		**13,268,475**	16,290,530
Current income tax liabilities		**1,811,962**	1,606,288
		124,580,061	94,540,809
Total liabilities		**153,014,669**	155,903,262
Total equity/(deficit) and liabilities		**165,090,335**	150,064,740

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

China Evergrande New Energy Vehicle Group Limited (the "**Company**") and its subsidiaries (together, the "**Group**") are engaged in technology research and development, production and sales of new energy vehicles in the People's Republic of China (the "**PRC**") and in other countries (collectively, the "**New Energy Vehicle Segment**"), as well as the "Internet+" community health management, international hospitals, and elderly care and rehabilitation (collectively, the "**Health Management Segment**") in the PRC.

The Company is incorporated in Hong Kong as a limited liability company under the Hong Kong Companies Ordinance. The address of its registered office is 23rd Floor, China Evergrande Centre, 38 Gloucester Road, Wan Chai, Hong Kong. The Company changed its name from Evergrande Health Industry Group Limited to China Evergrande New Energy Vehicle Group Limited on 26 August 2020.

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

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

The outbreak of the 2019 Novel Coronavirus ("**COVID-19**") in Mainland China in late January 2020 has prompted the adoption of strict prevention and control measures by the government nationwide, which has resulted in extensive obstructions on construction and delivery of properties, bringing about an adverse effect to the Group's revenue in the first half of 2021. Besides, COVID-19 may also affect the financial performance and position of the Group including the recoverability of goodwill, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. With the COVID-19 in Mainland China gradually easing up, the resumption of operations of various industries and the trend of stimulating consumption in the Mainland China, the Group anticipates that the business transaction volume of the Group will pick up month by month and the Group will pay continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

The condensed consolidated interim financial information has been approved for issue by the Board of Directors of the Company on 30 August 2021.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2021 ("**Interim Financial Information**") has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

The Interim Financial Information does not include all the notes of the type normally included in an annual financial report. Accordingly, the Interim Financial Information is to be read in conjunction with the annual consolidated financial statements of the Group for the year ended 31 December 2020 and any public announcements made by the Group during the interim reporting period.

The financial information relating to the year ended 31 December 2020 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2021 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

The Company's auditor has reported on those consolidated financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2020, as described in those annual consolidated financial statements.

(a) Amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the financial year beginning on 1 January 2021:

HKFRS 16 (Amendment)	COVID-19-Related Rent Concessions beyond 30 June 2021
HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform — Phase 2

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

(b) New standards, amendments, interpretation and accounting guideline not yet adopted

		Effective for annual periods beginning on or after
Amendments to HKFRS 3	Business combinations — reference to conceptual framework	1 January 2022
Amendments to HKAS 16	Property, plant and equipment — proceeds before intended use	1 January 2022
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets — onerous contracts	1 January 2022
Annual improvements	Annual Improvements to HKFRSs 2018–2020 (amendments)	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
Amendment to HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKAS 1	Presentation of financial statements' on classification of liabilities	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKAS 1, HKFRS Practice Statement 2 and HKAS 8	Disclosure of Accounting Policies	1 January 2023
Amendment to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

(c) Liquidity and going concern

The Group incurred loss of approximately RMB4.8 billion in the first half of 2021. As at 30 June 2021, the accumulated losses and the net current liabilities of the Group amounted to approximately RMB17.8 billion and RMB13.0 billion, respectively. The shareholder's equity of the Group and bank balances and cash as at 30 June 2021 were approximately RMB12.1 billion and RMB12.5 billion.

The Group's net operating losses was mainly attributable to the New Energy Vehicle Segment which is in the stage of development and investment, among which, the interest expenses amounted to RMB0.96 billion attributable to borrowings for acquisition of subsidiaries and capital injection, research & development and marketing expenses amounted to approximately RMB0.79 billion and the share-based compensation expenses amounted to approximately RMB0.45 billion. The capital commitments contracted for but not yet incurred as at 30 June 2021 were approximately RMB18.26 billion.

The above matters indicated that the Group will require more funds in the short term to support expenses of future contractual obligations, debts and capital expenditure.

In view of the above circumstances, the directors of the Company have considered the Group's cash flow projections prepared by the management of the Group (the cash flow projections of which included key assumptions with regard to the anticipated cash flows from the Group's operations, capital expenditure and the continuous availability of the Group's financing facilities), which cover a period of twelve months from 30 June 2021. The directors of the Company are of the opinion that, taking into account the following plans and measures to be taken, the Group shall have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 30 June 2021 and the financial information are prepared on a going concern basis:

(i) Actively negotiation with suppliers and contractors for the Health Management Segment to extend payment terms or to make partial payment or to settle liabilities with health and living projects to resume the construction work to avoid any delay of the construction progress, to minimize the late surcharge or penalty and to strive for the on-time delivery of the health and living projects.

(ii) Active implementation of developed plans to roll out marketing activities and to promote sales of health and living projects.

(iii) Closely monitor the New Energy Vehicle Segment cost control and capital expenditure.

(iv) Active discussion and negotiation with the lenders to extend the repayment of liabilities.

(v) Continue to actively identifying investors to raise funds to support the production and operations.

(vi) Actively seeking potential buyers to realize some non-current assets to finance the operations.

In the event where the above plans and measures were not effectively implemented, the use of the going concern basis in the preparation of the consolidated financial information may be determined as not appropriate, adjustments shall have to be made to write down the carrying amounts of the Group's assets to their realisable values, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial information.

3 SEGMENT INFORMATION

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

Health Management:	"Internet+" community health management, international hospitals, elderly care and rehabilitation, medical cosmetology, anti-ageing and sales of health and living projects in the PRC.
New Energy Vehicle:	Technology research and development, production and sales of new energy vehicles, development and sales of vehicle living projects in the PRC and in other countries.

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

(a) Revenue by type

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Health Management:		
Sales of health and living projects (i)	**6,865,194**	4,446,009
Income from medical cosmetology and health management (ii)	**18,145**	11,311
Rental income	**2,921**	—
	6,886,260	4,457,320
New Energy Vehicle:		
Provision of technical services (ii)	**26,292**	23,411
Sales of lithium batteries (i)	**5,426**	26,607
Sale of vehicle components (i)	**5,266**	2,983
	36,984	53,001
	6,923,244	4,510,321

(i) Revenue generated from the sales of health and living projects, lithium batteries and vehicle components are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the assets.

(ii) Revenue generated from medical cosmetology and health management and provision of technical services are recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

(b) Segment revenue and results

The segment results and other segment items provided to the CODM for the six months ended 30 June 2021 and 2020 are as follows:

	Six months ended 30 June 2021			
	Health Management	**New Energy Vehicle**	**Unallocated**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Revenue from contracts with customers	**6,883,339**	**36,984**	**—**	**6,920,323**
Revenue from other sources	**2,921**	**—**	**—**	**2,921**
Segment revenue from external customers	**6,886,260**	**36,984**	**—**	**6,923,244**
Finance costs, net	**(9,365)**	**(982,012)**	**—**	**(991,377)**
Share of net losses of investments accounted for using the equity method	**(26,721)**	**(385,655)**	**—**	**(412,376)**
Fair value gains on financial assets at fair value through profit or loss	**—**	**946,674**	**—**	**946,674**
Fair value losses on derivative financial liabilities	**—**	**(301,066)**	**—**	**(301,066)**
Other (losses)/gains, net	**(180,578)**	**(477,937)**	**—**	**(658,515)**
Fair value losses on investment properties, net	**(29,300)**	**—**	**—**	**(29,300)**
Segment results	**(859,790)**	**(3,912,537)**	**(19,591)**	**(4,791,918)**
Loss before income tax				**(4,791,918)**
Income tax expenses				**(29,708)**
Loss for the period				**(4,821,626)**
Other segment item:				
Depreciation and amortisation recognised in expenses	**99,530**	**378,352**	**—**	**477,882**

	Six months ended 30 June 2020			
	Health Management	New Energy Vehicle	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from contracts with customers	4,457,320	53,001	—	4,510,321
Segment revenue from external customers	4,457,320	53,001	—	4,510,321
Finance costs, net	(15,537)	(1,270,418)	(13,235)	(1,299,190)
Share of net (losses)/gains of investments accounted for using the equity method	(34,539)	1,573	—	(32,966)
Fair value losses on financial assets at fair value through profit or loss	—	(26,915)	—	(26,915)
Fair value losses on investment properties	(58,340)	—	—	(58,340)
Segment results	473,935	(2,680,475)	(39,968)	(2,246,508)
Loss before income tax				(2,246,508)
Income tax expenses				(210,402)
Loss for the period				(2,456,910)
Other segment item:				
Depreciation and amortisation recognised in expenses	51,392	547,896	—	599,288

(c) Segment assets and liabilities

The segment assets and liabilities as at 30 June 2021 and 31 December 2020 are as follows:

	Health Management *RMB'000*	New Energy Vehicle *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
As at 30 June 2021				
Segment assets	**59,281,183**	**105,401,435**	**407,717**	**165,090,335**
Segment liabilities	**56,486,769**	**92,556,505**	**3,971,395**	**153,014,669**
As at 31 December 2020				
Segment assets	58,699,984	91,056,387	308,369	150,064,740
Segment liabilities	55,188,469	96,892,296	3,822,497	155,903,262
Six months ended 30 June 2021				
Capital expenditure	**412,485**	**7,749,024**	**—**	**8,161,509**
Six months ended 30 June 2020				
Capital expenditure	379,124	3,908,367	—	4,287,491

Segment assets consist primarily of property, plant and equipment, intangible assets, goodwill, right-of-use assets, properties under development, completed properties held for sale, investments accounted for using the equity method and receivables, prepayments, cash balances and financial assets at fair value through profit or loss. They exclude deferred tax assets.

Segment liabilities consist of operating liabilities and borrowings. Unallocated liabilities comprise taxation.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets, intangible assets and investment properties.

Reportable segments' assets are reconciled to total assets as follows:

	30 June 2021 ***RMB'000***	31 December 2020 *RMB'000*
Segment assets	**164,682,618**	149,756,371
Unallocated:		
Deferred income tax assets	**407,717**	308,369
Total assets per consolidated balance sheet	**165,090,335**	150,064,740
Segment liabilities	**149,043,274**	152,080,765
Unallocated:		
Current and deferred income tax liabilities	**3,971,395**	3,822,497
Total liabilities per consolidated balance sheet	**153,014,669**	155,903,262

4 EXPENSE BY NATURE

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Cost of health and living projects	**6,077,146**	3,059,741
Employee benefit expenses (including directors' emoluments)	**1,381,595**	614,594
Employee benefit expenditure (including directors' emoluments)	**2,636,122**	1,334,837
Less: capitalised in properties under development, construction in progress and development costs	**(1,254,527)**	(720,243)
Advertising and promotion expenses	**959,582**	512,337
Write-down of properties under development	**307,951**	—
Write-down of completed properties held for sale	**127,256**	—
Depreciation of property, plant and equipment	**293,161**	163,486
Research and development expenses	**223,083**	47,929
Impairment losses on property, plant and equipment	**171,838**	—
Impairment losses on right-of-use assets	**21,793**	—
Depreciation of right-of-use assets	**169,869**	68,918
Professional fees	**105,253**	94,719
Office expenses	**87,614**	74,438
Tax and other levies	**79,592**	129,582
Operating lease rentals for rented premises and machineries	**44,714**	53,842
Transportation expenses	**37,485**	37,030
Legal expenses	**30,676**	11,989
Raw materials and consumables used	**15,837**	44,520
Amortisation of intangible assets	**14,852**	366,884
Write-down of inventories	**8,873**	—
Utility fees	**8,562**	8,935
Changes in inventories of finished goods and work in progress	**5,559**	97,095
Others	**43,678**	13,367
Total cost of sales, selling and marketing costs and administrative costs	**10,215,969**	5,399,406

5 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Overdue fees	**(278,809)**	—
Forfeited land deposits	**(159,300)**	—
Investment loss from disposal of financial assets at fair value through profit or loss	**(154,354)**	—
Exchange (losses)/gains	**(45,393)**	40,056
Government grants	**20,503**	37,242
Others	**(41,162)**	(13,403)
	(658,515)	63,895

6 FINANCE COSTS — NET

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Finance income		
— Interest income	**(58,385)**	(64,061)
Finance costs		
— Interest expense on bank and other borrowings	**1,616,511**	1,874,248
— Less: interest capitalised	**(1,575,711)**	(1,877,753)
— Interest expense on shareholders borrowings	**959,199**	1,346,730
— Less: interest capitalised	**—**	—
— Interest expense on lease liabilities	**49,763**	20,026
Finance costs	**1,049,762**	1,363,251
Finance costs — net	**991,377**	1,299,190

7 INCOME TAX EXPENSES

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
Current income tax:		
— PRC corporate income tax	**224,789**	276,121
— PRC land appreciation tax	**(38,957)**	133,717
	185,832	409,838
Deferred income tax:		
— PRC corporate income tax	**(111,170)**	(199,436)
— PRC land appreciation tax	**(44,954)**	—
	(156,124)	(199,436)
	29,708	210,402

Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5 % of the estimated assessable profit for the six months ended 30 June 2021 (2020: 16.5%). Hong Kong profits tax has not been provided for as the Group did not have any assessable profits during the six months ended 30 June 2021 (2020: nil).

PRC corporate income tax

PRC corporate income tax is calculated at 25% of the estimated assessable profit for the six months ended 30 June 2021 (six months ended 30 June 2020: 25%). The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate of 25% on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

For subsidiaries which meet the inclusive tax reduction policy for small and micro enterprises, according to the existing policy of the PRC, they are entitled to enjoy a preferential corporate income tax rate and of the income tax provision of in respect of operations in the PRC of 20%.

For the subsidiaries which obtained the Certificate of High-Tech Corporation, according to the Corporation Income Tax Law of the PRC, they are entitled to enjoy a preferential corporate income tax rate and of the income tax provision of in respect of operations in the PRC of 15%.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of health and living projects less deductible including land use rights and all property development expenditures.

8 DIVIDENDS

The directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2020: nil).

9 LOSS PER SHARE

(a) Basic

Basic loss per share are calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2021	2020
Loss attributable to shareholders of the Company (RMB'000)	**(4,786,897)**	(2,273,947)
Weighted average number of ordinary shares for the purpose of basic loss per share (thousands)	**9,329,402**	8,640,000
Basic loss per share (RMB cents per share)	**(51.310)**	(26.319)

(b) Diluted

The share options granted by the Company have potential dilutive effect on the loss per share. Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares in issue less shares held for the share option scheme outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company (collectively forming the denominator of computing the diluted loss per share). No adjustment is made to loss (numerator).

	Six months ended 30 June	
	2021	2020
Loss attributable to shareholders of the Company (RMB'000)	**(4,786,897)**	(2,273,947)
Weighted average number of ordinary shares for the purpose of basic loss per share (thousands)	**9,329,402**	8,640,000
Adjustments for share options (i)	**—**	—
Weighted average number of ordinary shares for diluted loss per share	**9,329,402**	8,640,000
Diluted loss per share (RMB cents per share)	**(51.310)**	(26.319)

(i) The 418,100,000 options granted and remained unexercised are not included in the calculation of diluted loss per share because they are antidilutive for the six months ended 30 June 2021. These options could potentially dilute basic (loss)/earnings per share in the future.

10 TRADE AND OTHER RECEIVABLES AND PREPAID TAXES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Trade receivables (a)	**1,206,965**	1,129,184
Other receivables (b)	**7,911,262**	4,666,954
Prepaid taxes	**3,411,003**	2,317,222
	12,529,230	8,113,360
Less: non-current portion of trade receivables	**(72,849)**	(139,361)
Current portion	**12,456,381**	7,973,999

(a) Trade receivables

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Trade receivables — third parties	**1,222,352**	1,137,425
Less: allowance provision for impairment	**(15,387)**	(8,241)
Trade receivables — net	**1,206,965**	1,129,184
Less: non-current portion	**(72,849)**	(139,361)
Current portion	**1,134,116**	989,823

Trade receivables mainly arose from sale of health and living projects. Proceeds in respect of sales of health and living projects are to be received in accordance with the terms of the related sales and purchase agreements.

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

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Within 90 days	**819,775**	612,595
Over 91 days and within 180 days	**102,085**	231,596
Over 180 days and within 365 days	**149,601**	99,098
Over 365 days	**150,891**	194,136
	1,222,352	1,137,425

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

(b) Other receivables

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
Other receivables		
— third parties	**2,601,152**	1,362,910
— related parties	**5,370,665**	3,349,862
	7,971,817	4,712,772
Less: allowance provision for impairment	**(60,555)**	(45,818)
Other receivables — net	**7,911,262**	4,666,954

The carrying amounts of other receivables approximate their fair values. The maximum exposure to credit risk of the other receivables at the reporting date was the carrying value of each class of receivables.

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

11 PREPAYMENTS

	30 June 2021 *RMB'000*	31 December 2020 *RMB'000*
Prepayments		
— Land use rights	**6,184,862**	6,675,537
— Property, plant and equipment	**649,660**	619,010
— Acquisition of non-controlling interest	**141,748**	141,748
— Others	**813,229**	235,667
	7,789,499	7,671,962
Less: non-current portion:		
— Land use rights	**(448,748)**	(514,679)
— Property, plant and equipment	**(649,660)**	(619,010)
— Acquisition of non-controlling interest	**(141,748)**	(141,748)
— Others	**(43,881)**	(10,449)
	(1,284,037)	(1,285,886)
Current portion	**6,505,462**	6,386,076

12 TRADE AND OTHER PAYABLES

	30 June 2021 *RMB'000*	31 December 2020 *RMB'000*
Trade and notes payables (a)	**41,529,174**	39,362,067
— third parties	**41,351,306**	39,324,142
— related parties	**177,868**	37,925
Other payables	**23,294,248**	7,414,046
— third parties (b)	**6,305,620**	4,579,711
— related parties	**16,988,628**	2,834,335
Interest payable	**5,288,744**	4,306,607
— third parties	**584,954**	539,289
— related parties	**4,703,790**	3,767,318
Other taxes payable	**2,696,491**	1,752,241
Payroll payable	**234,924**	127,653
Provisions	**1,426**	2,150
Total trade and other payables	**73,045,007**	52,964,764

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

	30 June 2021 *RMB'000*	31 December 2020 *RMB'000*
Within 90 days	**12,867,822**	15,219,004
Over 91 days and within 180 days	**9,451,858**	6,393,104
Over 180 days and within 365 days	**19,209,494**	17,749,959
	41,529,174	39,362,067

(b) Other payables due to third parties include interest-bearing liabilities with an amount of RMB720 million. According to the agreement, the interest rate is 10%.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The principal business activities of China Evergrande New Energy Vehicle Group Limited (the "**Company**" or "**Evergrande Vehicle**") and its subsidiaries (the "**Group**") include the technology research and development ("**R&D**") and manufacturing of, and sales services in respect of new energy vehicles (collectively, the "**New Energy Vehicle Segment**"), as well as health management businesses including "Internet+" community health management, international hospitals, elderly care and rehabilitation (collectively, the "**Health Management Segment**").

Financial Review

During the six months ended 30 June 2021 (the "**Reporting Period**"), the Group's turnover amounted to RMB6,923.24 million, representing an increase of 53.5% as compared to RMB4,510.32 million in the corresponding period of 2020. The turnover was mainly attributable to the revenue generated in the Health Management Segment.

The significant increase in turnover of the Health Management Segment during the Reporting Period was mainly due to the increase in revenue from Evergrande Elderly Care Valley (the "**Elderly Care Valley**") by 54.4% to RMB6,865.19 million during the Reporting Period from RMB4,446.01 million in the corresponding period of 2020. The increased business volume of health and living projects led to a corresponding increase in total income. During the Reporting Period, revenue from medical cosmetology and outpatient services increased by 60.42% to RMB18.15 million from RMB11.31 million in the corresponding period of 2020, mainly attributable to the increase in business volume of this segment. During the Reporting Period, revenue from New Energy Vehicle Segment decreased by 30.22% to RMB36.98 million from RMB53.00 million in the corresponding period of 2020, mainly due to the decrease in revenue from sales of batteries. Based on the reform and upgrade of new battery products, CENAT Plant continued to dispose of current old-model battery inventories during the Reporting Period.

The gross profit of the Group during the Reporting Period was RMB247.28 million, representing a decrease of 80.41% from RMB1,262.35 million in the corresponding period of 2020. Gross profit margin decreased from 27.99% for the corresponding period in 2020 to 3.57% for the year, mainly because the profit margin corresponding to the income from the additional health and living projects varied depending on the location of the projects, and the average selling price decreased as the Group offered greater discount to customers.

Other net losses of the Group decreased from a gain of RMB63.90 million in the corresponding period of 2020 to a loss of RMB658.52 million during the Reporting Period, mainly due to overdue fees, forfeited land deposits and investment loss from disposal of financial assets at fair value through profit or loss.

Selling and marketing expenses increased by 94.21% to RMB1,451.97 million during the Reporting Period from RMB747.61 million in the corresponding period of 2020, mainly due to the advertising expenses for the New Energy Vehicle segment.

Administrative expenses increased by 48.74% to RMB2,088.04 million during the Reporting Period from RMB1,403.82 million for the corresponding period in 2020, mainly due to the significant increase in R&D expenses invested in the new energy vehicle industry during the Reporting Period. Furthermore, the Group made impairment provision for the construction in progress for the Shenyang Project.

Finance costs, net, decreased from RMB1,299.19 million for the corresponding period in 2020 to RMB991.38 million during the Reporting Period, mainly due to decreased interest expenses as a result of the partial repayment of the principal of borrowings from shareholders during the Reporting Period.

Income tax expenses decreased by 85.88% to RMB29.71 million during the Reporting Period from RMB210.40 million in the corresponding period of 2020, mainly due to the decrease of PRC land appreciation tax.

The Company recorded loss of RMB4,821.63 million during the Reporting Period, representing an increase of 96.25% from the loss of RMB2,456.91 million in the corresponding period of 2020, mainly due to the decline in gross profit of health management business. In addition, the marketing expenses and R&D expenses in new energy vehicle business increased as a result of the Group's development of the new energy vehicle business, which is in its investment stage.

New Energy Vehicle Segment

The Group actively responds to the national strategy of building a strong country through science and technology, and forayed into the new energy automobile industry with a huge market scale by forward planning. Through the closed loop of technology and data, the Group will provide safe and convenient products and services for users and create an intelligently connected mobile space of "car and home integration", and establish Hengchi as a world-renowned Chinese automobile brand with the combination of constantly updating software and high-end smart hardware.

Dedicated to the global R&D and promotion of new energy vehicles applications, the Group has established a full industry chain of new energy vehicles covering automobile manufacturing, electric motor control, power batteries, intelligent network connection, autonomous driving, vehicle sales, smart charging and other aspects. The Group simultaneously developed and designed 14 vehicle models, 9 of which have been released.

The Group will continue the effort to promote the mass production of Hengchi products, and will strive to continue to develop and expand a matrix of vehicle models with leading features and attractiveness, so as to meet the differentiated needs in various domestic and foreign automobile markets and among extensive customer groups.

Health Management Segment

The Group proactively implements the national strategy of "Healthy China". Adhering to its corporate vision of "enhancing the healthy living standards for the general public", and centering on the healthcare needs of the general public, the Group has created a membership mechanism on all-round healthy life for all-age populations, and established a multi-level hierarchical medical care, high-precision health management, all-age health care and diversified elderly care system, thereby comprehensively enhancing the healthy living standards for the general public.

During the Reporting Period, the Group continued to uphold the innovative service concept of integrating medical insurance with health management, medical care, rehabilitation and elderly care. It provided, among others, health management, health care, medical care, rehabilitation and elderly care services through a membership platform. It developed and formulated an all-rounded and all-age healthcare service standard, and proceeded with the innovative development of Evergrande Elderly Care Valley. During the Reporting Period, 30 Evergrande Elderly Care Valley took root across China.

Business Review

New Energy Vehicle Segment

In the first half of 2021, the global economy showed obvious signs of recovery with the increasing prosperity in the automobile industry. The dual carbon goal has become a focal policy for the green development of the automobile industry.

By virtue of the continued improvement in the macro environment and the national policy on specifically and steadily boosting the consumption of major durables and key consumer goods such as automobiles, the production and sales of automobiles in China maintained steady growth in general. According to the data published by the China Association of Automobile Manufacturers, from January to June 2021, China's production and sales volume of vehicles was 12,569,000 vehicles and 12,891,000 vehicles, representing year-on-year increase of 24.2% and 25.6% respectively. Among which, the production and sales volume of new energy vehicles was 1,215,000 vehicles and 1,206,000 vehicles, both up twofold year on year.

As for new energy vehicle market, in the first half of the year, the production and sales volume of pure electric vehicles was 1,022,000 vehicles and 1,005,000 vehicles, representing year-on-year growth of 2.3 times and 2.2 times respectively; the production and sales volume of plug-in hybrid electric vehicles was 192,000 vehicles and 200,000 vehicles, increased by a double and 1.3 times year on year respectively; the production and sales volume of fuel cell vehicles was 632 vehicles and 479 vehicles, representing year-on-year growth of 43.6% and 5.7% respectively. On the whole, the penetration rate of new energy vehicles increased from 5.4% at the beginning of this year to 9.4% in the first half of this year. In particular, the penetration rate in June 2021 exceeded 12%, indicating the gradual expansion of emerging kinetic energy and the steadily improving prosperity and certainty of the new energy vehicle market.

In order to further promote the stable, healthy and high-quality development of the new energy vehicle industry, a number of guiding policies in terms of new energy vehicle consumption, supporting construction, energy structure, core technology and intelligent network connection was promulgated in China in the first half of 2021. For example, the Notice on Several Measures for Boosting the Consumption of Major Durables and Key Consumer goods and Unleashing Consumption Potential in Rural Areas jointly published by 12 ministries including the Ministry of Commerce in January proposed stabilizing and expanding automobile consumption and unleashing automobile consumption potential; the Guiding Opinions on Accelerating the Establishment of a Sound Economic System with Green, Low-carbon and Circular Development published by the State Council in February proposed strengthening the construction of battery charging and replacing and others supporting facilities for new energy vehicles; the Outline of the 14th Five-Year Plan for the National Economic and Social Development and the Long-Range Objectives Through the Year 2035 published in March proposed to focus on new energy vehicles and other strategic emerging industries, promote the energy reform, and build a clean, low-carbon, safe and efficient energy system, and also proposed a plan to reach peak carbon emissions before 2030 and achieve carbon neutrality.

The Group will seize the development opportunities arising from the transformation and upgrading of the automobile industry, insist on independent R&D and collaborative innovation, and reinforce the layout of high-end intelligent core technology with solid foundation. Meanwhile, the Group will enhance its "soft power" in software design and services experience, as well as its "hard power" in hardware configuration and high-end manufacturing, so as to constantly develop new energy vehicle products with unique competitiveness, create a diversified and rich product portfolio, and build a leading new energy smart vehicle ecosystem that covers the entire life cycle.

During the Reporting Period, the Group integrated resources efficiently, deepened strategic cooperation in various fields, accelerated improvement in the layout of the full industry chain, endeavoured to promote the mass production of Hengchi series, and implemented a number of major achievements in an orderly manner.

R&D Aspects:

On 25 March 2021, teaming up with Tencent and Baidu, the Group released the H-SMART OS (Hengchi smart vehicle operating system) which took a year and 11 months to develop and was equipped with the ultimate intelligent ecology, and unveiled a series of "black technologies", including the world's first space-class flagship intelligent cabin, an AI assistant "Xiaochi (小馳)" and a supercomputing platform.

On 12 May 2021, the Group announced a layout which comprises a massive number of patents. It applied for a total of 3,012 patents in the PRC and overseas, 1,355 of which have been granted patents. These patents cover core areas including pure electric chassis architecture, suspension system, steering control, vehicle control, thermal management system, batteries, battery modules, battery management system, motors and electronic control, electronic and electrical architecture, body of vehicles and interior and exterior trim, Internet of Vehicles, and autonomous driving. With the ongoing technology and product R&D, the Group is refreshing the number of its patents. Currently, the Group has applied for a total of 3,566 patents worldwide, 1,827 of which have been granted patents. The Group possesses a layout comprising leading technologies and patents along the entire industry chain.

On 29 June 2021, the Group released the Hengchi AVP automatic parking system which integrates sensors such as ultrasonic radar, millimeter wave radar and high-definition surround view camera. Combined with high-precision maps, the system not only can accurately identify vehicle location and surrounding obstacles, but can also achieve L4 level driverless functions in specific scenarios such as narrow road cruising, pedestrian avoidance, vehicle obstacle avoidance, automatic car following and automatic parking space identification.

Manufacturing Aspects:

Constructed by the Group in accordance with the Industry 4.0 Standard, the Tianjin, Shanghai and Guangzhou development bases have launched the trial production of the new models.

Marketing System Aspects:

The Group is undertaking preparations to build exhibition and experience centers, sales centers, as well as after-sales service centers to construct a strong closed loop of online and offline transactions.

With major functions including brand promotion, vehicle sales and user experience, the exhibition and experience centers are mainly located in cities including Beijing, Shanghai, Guangzhou and Shenzhen, and is currently under renovation and construction. With major functions including vehicle sales and user experience, the sales centers are divided into three types, namely supermarket stores, auto stores in business districts and community stores. The major functions of the after-sales maintenance and repair service centers include vehicle delivery, machine repair business and sheet metal spraying business.

Core Technologies:

During the Reporting Period, with the deep cultivation in the layout of the new energy industry chain, the Group overcame the two most critical core technologies in the upstream and downstream industrial chain of new energy vehicles, namely our self-developed power battery technology and powertrain technology.

In terms of power battery, the Group established a number of bases in Yangzhou, Zhengzhou and other regions across the country in accordance with the Industry 4.0 Standard, which have entered the equipment installation and commissioning phase. The Group has more than 40 professional R&D and testing laboratories that focus on material synthesis, electrolyte R&D, module and PACK R&D, thermal management and other aspects. The Group mastered the leading core technologies in fields including mechanism simulation, battery materials, batteries, modules, and PACK.

In terms of powertrain, the Group self-developed its three-in-one powertrain product which can flexibly support large, medium and low-power platforms. The product has special features such as leading platform structure, three-in-one integrated shell, serialized high-speed flat wire motor, flexible and expandable power electronic module and oil-cooled heat dissipation system, which can support the diverse needs of Hengchi vehicles with advanced power of high performance, standardization and general utilization.

Health Management Segment

Business Review for Evergrande Elderly Care Valley

In response to upgrade of the current healthy living standards of community residents, the Group developed and formulated the all-rounded and all-age healthcare service standard in China, and innovatively developed Evergrande Elderly Care Valley.

Evergrande Elderly Care Valley created a new, high-quality and diversified way of healthy living. The Group advocated the innovative concept of integrating medical insurance with preventative, medical and health care services, and established a membership platform. Through integrating the world-class medical, elderly care and wellness living and commercial insurance and other resources, Evergrande Elderly Care Valley provides its members with full life-cycle and all-rounded living and care services.

Evergrande Elderly Care Valley established all-rounded health care and wellness regimes for all-age population. The Evergrande Elderly Care Valley has been divided into “Four Major Parks” on four unique themes which comprise elderly care, fun, sports and kids. Emphasizing traditional Chinese medicine as the foundation and Chinese health culture as the core, Evergrande Elderly Care Valley integrated nutrition diet, scientific exercise, traditional culture, folk art, social activities and wellness travel and living, thereby providing healthcare and wellness-living services suitable for all-age population and innovating a new healthy lifestyle for all-age population.

As of 30 June 2021, a total of 25 Evergrande Elderly Care Valleys in Sanya, Xi’an, Yangzhong, Zhengzhou, Nanjing, Xiangtan, Yuntaishan, Shenfu, Hohhot, Wuzhou, Kunming, Chongqing, Xianning, Jinhua, Yueyang, Jinzhai, Zibo, Tangshan, Longjiang, Urumqi, Nanning, Wuhan, Ningchu, Shangrao and Xianyang were open to the public. The Evergrande Elderly Care Valleys served 450,000 members and customers nationwide during the Reporting Period, and served 1.73 million members and customers in aggregate.

13 Evergrande Elderly Care Valleys in Zhengzhou, Shenfu, Sanya, Nanjing, Xiangtan, Zibo, Xianning, Jinzhai, Kunming, Chongqing Shuangfu, Tangshan, Hohhot and Jinhua began pilot charged operations based on the principles of mechanism innovation, product innovation and service innovation. The Evergrande Elderly Care Valleys across the country have launched characteristic health products to improve the health and quality of life for more than 1,000 members.

Evergrande Elderly Care Valleys are deployed in various cities suitable for living across the country, allowing members to experience the fun of living in different cities in different seasons. Health management for members in different places is achieved with the health data interconnection nationwide. During the Reporting Period, the Group planned on 18 destinations including Sanya, Kunming, Ocean Flower Island, Shanghai, Chongqing, Chengdu, Wuhan, Nanjing, Tianjin, Linzhi, Guangzhou, Enping, Qingyuan, Nanchang and Yichang.

Evergrande Elderly Care Valley created a new high-precision and multi-dimensional health management mechanism. Keeping pace with the world's cutting-edge technology, and leveraging the multi-level hierarchical medical system adopted in Henghe Secondary Rehabilitation Hospital, general practice clinic and other medical institutions, "health management service at home" was put into reality. Through member segmentation in terms of health conditions based on the multidisciplinary health assessment records, the Group provided dynamic health tracking, health education, sub-health conditioning and chronic disease management services. In addition, the establishment of a health ecosystem for members provided members with customized medical and health care solutions through the Evergrande Health big data platform, thereby building a member-oriented major health digital ecosystem.

Aiming at healthy people, the Group promoted health education in terms of reasonable diet and moderate exercise via both online and offline channels, giving guidance to 129,000 people to develop habits for healthy living. Aiming at people in a sub-health state, the Group helped 13,000 people improve their sub-health status through rehabilitation exercise, Chinese medicine conditioning and other means. Aiming at people with chronic diseases, the Group established a resource pool for the experts of the Evergrande Elderly Care Valley, so as to provide chronic disease management services, and achieve high-precision health management.

Evergrande Elderly Care Valley created a new comprehensive multi-level health care mode for the elderly. Leveraging Evergrande Elderly Care Valley, the Group established a diversified elderly care system for members with home elderly care service centers as the foundation, active apartments for the elderly as the support, and energetic elderly care institutions as the supplement, so as to achieve "maintaining dignity in old age, and no worries for children". The Group and RIEI Company Limited, a well-known Japanese elderly care service operator, continue to promote the construction and preparation for opening of Xi'an Evergrande RIEI International Elderly Care Center (西安恒大禮愛國際頤養中心). The Group also developed an in-depth cooperation with Merrill Gardens, a representative renowned quality senior care community in the United States, to jointly promote the implementation of the Nanjing CCRC Elderly Care Project.

Evergrande Elderly Care Valley created a new system of full cycle health insurance with high coverage. Integrating domestic and overseas high-quality insurance resources, Evergrande Elderly Care Valley has established a high-coverage insurance system for all-age groups, customizing exclusive insurance for the elderly aged under 100, thus realizing a green service channel comprising hundreds of excellent top 3A hospitals in the country.

Business Review for Medical Service Business

In the first half of 2021, leveraging the advantages of "The New National Nine Opinions (新國九條)" and the concession policies of the medical pilot zone, Boao Evergrande International Hospital commenced franchised medical business. The hospital entered into an agreement with Simcere Pharmaceutical to initiate the first real-world research project on small cell lung cancer in China, introduced imported HPV vaccines, and made the world's first prescription for the myeloma medicine Cosela (Trilaciclib) outside the United States. Taking the full advantages of the Hainan Free Trade Port, the pilot concession policies of the Boao Lecheng Medical Tourism Pilot Zone, the hospital commenced cooperation concerning various diseases with leading international pharmaceutical companies and provided international advanced diagnosis and treatment services for patients.

Through the Boao Public Bonded Drug Warehouse (博鰲公共保稅藥倉), a variety of licensed drugs and reagents were introduced for the application research of real-world statistics so that new domestic and foreign drugs can be launched and utilized nationwide as soon as possible, thus achieving our objective of giving full play to the benefits of pilot policies for benefiting people across the country.

Sanya Evergrande Hospital is committed to building a modern hospital that integrates health management, health care, medical treatment, and medical cosmetology, with the construction of which is currently preparing underway.

OUTLOOK

New Energy Vehicle Segment

With the COVID-19 pandemic under effective control and stable economic operation in China, as well as a series of favorable policies promulgated by the central and local governments, the pace of recovery in the automobile market has picked up. The sales volume of new energy vehicles has hit a record high, and the penetration rate is increasing rapidly.

The New Energy Vehicle Industry Development Plan (2021-2035) proposes that by 2025, China's new energy vehicle market competitiveness will be significantly enhanced, and the sales of new energy vehicles will reach approximately 20% of the total sales of new vehicles. Highly autonomous driving cars will be utilized commercially in limited areas and specific scenarios. At present, the sales of new energy vehicles in China have already accounted for 9.4% of the total sales of new vehicles, greatly improved as compared with approximately 5% in last year, but it is still quite far from the 20% target set by the State. We believe that the new energy automobile industry is developing positively.

In the field of R&D, the Group will continue to strengthen R&D investment and consolidate R&D foundation. While accelerating the R&D of core technologies to lead the technology innovation and development of smart electric vehicles, the Group will also stay focus on the R&D of new models, so as to provide users with forward-looking smart electric vehicle products integrating technological aesthetics.

In the field of manufacturing, the Group will strive to promote the formal commissioning of development bases for vehicles in Tianjin, Shanghai and Guangzhou as well as the development bases for parts in Yangzhou and Zhengzhou, striving to successfully complete the production capacity target.

In respect of marketing system, the Group will continue to push ahead the deployment, furnishing and opening of exhibition and experience centers, sales centers, as well as after-sales service centers, along with the further expansion of sales channels. Upholding a people-oriented approach and paying attention to user experience, the Group will continue to improve the full life-cycle service system, and strive to provide users with thoughtful and considerate services than ever.

Please refer to note 2(c) to the financial information (liquidity and going concern) and the section headed "Subsequent Events After the Reporting Date" in relation to the factors and circumstances that may affect the above outlook.

Health Management Segment

Outlook for Evergrande Elderly Care Valley

The Group will further integrate world-class resources on medical treatment, health management, wellness living, and elderly care. Through the membership service platform as well as the unique and innovative "four major parks", "five major creations" and "four major services", the Group provides members with healthcare services.

In relation to health management, the Group will further integrate domestic and foreign resources, and draw on the experience of and introduce multi-disciplinary health assessment, sub-health management and chronic disease management service models, so as to provide members with high-precision and multi-dimensional health management services, aiming to achieve the goal of "health education for 900,000 people, sub-health services for 90,000 people, and chronic disease management for 10,000 people" in the next two years.

For elderly care, the Group will accelerate the nationwide expansion of an elderly care service system with Evergrande's characteristics. It is expected that the Xi'an Evergrande RIEI International Elderly Care Center (西安恒大禮愛國際頤養中心) will commence operation by the end of 2021, creating the first elderly care benchmarking project, and taking the Xi'an Evergrande RIEI International Elderly Care Center and the Nanjing CCRC Elderly Care Project as pilot projects to roll out a nationwide layout and provide elderly care services for members.

In the future, the Group will cooperate with financial, tourism, internet and other fields to recruit more members and provide healthcare services to more people.

Outlook for Medical Service Business

The Company will further accelerate the optimization and implementation of the tiered diagnosis and treatment system of "Evergrande Medical Association", integrate domestic and overseas medical resources, and provide high-value medical services, aiming to become a benchmark in the Chinese private medical industry.

The Group will prepare for the establishment of an ear, nose and throat diagnosis and treatment center to perform "cochlear implant surgeries", so as to benefit the vast number of hearing-impaired patients.

In relation to medications, the Group will further expand its cooperation with leading domestic and overseas pharmaceutical and medical device companies, and leverage the advantages of relevant policies in the pilot zone to provide comprehensive licensed drugs and medical equipment supporting services for medical institutions inside the pilot zone in respect of import agency, licensed drug operation, bonded warehousing and logistics and other aspects.

Please refer to note 2(c) to the financial information (liquidity and going concern) and the section headed "Subsequent Events After the Reporting Date" in relation to the factors and circumstances that may affect the above outlook.

OTHER ANALYSIS

Capital Institutions, Liquidity and Financial Resources

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

As at 30 June 2021, the Group had borrowings and lease liabilities (collectively "**total borrowings**") amounting to RMB35,996.76 million (as at 31 December 2020: RMB73,010.03 million).

As at 30 June 2021, the Group's gearing ratio was 21.80% (as at 31 December 2020: 48.65%). Gearing ratio was calculated as total borrowings divided by total assets.

Employee and Share Option Scheme

As at 30 June 2021, the Group had a total of 14,493 employees, and staff with a bachelors' degree or above accounted for approximately 87.61%. It incurred a total staff cost (including Directors' remuneration) of approximately RMB2,636.12 million during the reporting period (the first half of 2020: RMB1,334.84 million).

To provide incentives or rewards to the staff and the Directors of the Company, the Company adopted a share option scheme (the "**Share Option Scheme**") on 6 June 2018. Since its adoption and up to 30 June 2021 and save as disclosed in the announcements of the Company published on 6 November 2020 and 15 June 2021 and regarding the respective grants of share options on the same date, the Company has not granted any other new share option under such Share Option Scheme or adopt any other share option scheme.

As at 30 June 2021, a total of 428,480,000 share options were granted under the Share Option Scheme, amongst which: (i) a total of 418,100,000 share options granted under the Share Option Scheme had not been exercised; (ii) a total of 10,380,000 share options granted under the Share Option Scheme had lapsed; and (iii) no share option granted under the Share Option Scheme had been cancelled.

Contingent Liabilities

As at 30 June 2021, the Group had no material contingent liabilities (as at 31 December 2020: nil).

SUBSEQUENT EVENTS AFTER THE REPORTING DATE

After the Reporting Period, the Group noted certain negative reports circulating in the market, which resulted in certain adverse effects on the liquidity of the Group.

In light of the abovementioned adverse effects on the liquidity of the Group, there were delays in payments to suppliers and construction fees in the Group's Evergrande Elderly Care Valley and new energy vehicle living projects, which resulted in the suspension of work on certain projects of the Group. With the coordination and support from the government, the Group actively strives to resume the project constructions. However, if the relevant projects works have not been resumed, there may be risks over impairment on the projects and impact on liquidity.

The mass production of Hengchi vehicles has entered the final stretch, nonetheless the Group is still facing challenges on its cash flows. If the Group lacks further capital contribution in the short term, the mass production timetable of new energy vehicles may have to be delayed.

In order to improve the cash flows position in the current stage and deal with the liquidity issue, subsequent to the reporting date and as of 27 August 2021, the Group has taken the following measures:

- Active settlement of part of the payables to the suppliers and the construction fee with health and living projects, which amounted to approximately RMB1.19 billion; and

- Proactively introducing investors, including negotiation for further capital contribution;

The Group is subject to risks of defaulting its loans and of disputes that are outside of its ordinary course of business.

The Company will continue the effort to actively liaise and discuss with potential investors for the sale of assets, and will further promote the sales and marketing efforts of different projects. At the same time, the Group will carry out the following measures, in order to ease the current liquidity issues, which mainly includes: adjustments on the development schedules of projects, strict control over costs, strong promotion of sales and cash collection, striving for extension and renewal of borrowings, disposal of equity interests and assets and introducing investors to increase the share capital of the Group and its subsidiaries, in order to improve liquidity, relieve financial pressure and reduce debt.

In the event that the Group is unable to timely implement the above measures, maintain existing financing and/or obtain necessary new financing, the liquidity of the Group may be further adversely affected, and the Group's loans may be subject to the risk of default and there may be disputes that may have a material adverse impact on the Group. **Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

Interim Results Review

The condensed consolidated financial information of the Group for the six months ended 30 June 2021 has been reviewed by the audit committee of the Company (the "**Audit Committee**"), which comprises the three Independent Non-executive Directors of the Company.

CORPORATE GOVERNANCE

Corporate Governance Code

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

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the period, since the Company did not have any officer with the title of Chief Executive Officer, during such period, the overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operation and execution was vested in the Board itself.

Code provision E.1.2 stipulates that the chairman of the Board shall attend the annual general meeting, and invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committee (as may be applicable) to attend. Mr. Siu Shawn, chairman of the Board and chairman of the Nomination Committee, failed to attend the annual general meeting of the Company held on 18 June 2021 (the "**2021 AGM**") due to travel restrictions enacted in response to the COVID-19 pandemic. Mr. Chau Shing Yim David, an independent non-executive Director, chairman of the Audit Committee, chairman of the Remuneration Committee and chairman of the Corporate Governance Committee, attended and acted as the chairman of the 2021 AGM. The Board was of the view that Mr. Chau Shing Yim David was sufficiently capable and knowledgeable to address any question at the 2020 AGM, and therefore the sound communication established between the Company and its shareholders were unaffected.

Model Code for Securities Transactions

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

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

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

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND REPORTS OF THE COMPANY

The Company's interim results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.health.evergrande.com. The interim report will be dispatched to the shareholders of the Company in due course and be available for inspection on the websites of the Stock Exchange and the Company.

ANNUAL REPORT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to the annual report of the Company for the year ended 31 December 2020 (the "**2020 Annual Report**").

In this section of the announcement, unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the 2020 Annual Report. In addition to the information disclosed under Note 2.24 of the section headed "*Notes to the Consolidated Financial Statements*" in the 2020 Annual Report, the Board hereby provides further information in relation to the defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated at a percentage of the employees' salaries (the "**Defined Contribution Plans**") as stated in the 2020 Annual Report pursuant to paragraph 26(2) of Appendix 16 to the Listing Rules.

As at 31 December 2019 and 2020, there were no forfeited contributions (by employers on behalf of employees who leave the Defined Contribution Plans prior to vesting fully in such contributions) in the Group under the Defined Contribution Plans. Hence, there is no forfeited contribution available for the Group to reduce its existing level of contributions to the Defined Contribution Plans in future years.

The above further information does not affect any other information contained in the 2020 Annual Report. Save as disclosed in the section headed "Annual Report of the Company for the year ended 31 December 2020" of this announcement, all other information contained in the Annual Report remains unchanged.

FORWARD LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the Group set out in this announcement or any of the matters set out therein are attainable, will actually occur or be realized or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

APPRECIATION

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

By Order of the Board
China Evergrande New Energy Vehicle Group Limited
SIU Shawn
Chairman

Hong Kong, 30 August 2021

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