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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

### FINANCIAL HIGHLIGHTS

| | 2020 | 2019 |
|---|---|---|
| | *RMB million* | *RMB million* |
| Revenue | | |
| Health management segment | **15,299** | 4,975 |
| New energy vehicle segment | **188** | 661 |
| Total revenue | **15,487** | 5,636 |
| Gross profit | **2,695** | 1,887 |
| Loss for the year | **(7,665)** | (4,947) |

## CONSOLIDATED BALANCE SHEET

*AS AT 31 DECEMBER 2020*

| | Note | **31 December 2020** *RMB'000* | 31 December 2019 *RMB'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **17,058,834** | 10,422,736 |
| Right-of-use assets | | **4,709,499** | 3,301,792 |
| Investment properties | | **938,100** | 1,064,520 |
| Intangible assets | | **10,243,587** | 7,581,130 |
| Goodwill | | **6,244,210** | 6,193,274 |
| Trade receivables | *12* | **139,361** | 73,735 |
| Prepayments | *10* | **1,285,886** | 1,776,031 |
| Investments accounted for using the equity method | | **1,460,784** | 1,210,964 |
| Financial assets at fair value through profit or loss | *11* | **4,454,618** | 4,718,278 |
| Deferred income tax assets | | **308,369** | 71,215 |
| | | **46,843,248** | 36,413,675 |
| **Current assets** | | | |
| Contract acquisition costs | | **601,355** | 40,014 |
| Trade and other receivables and prepaid taxes | *12* | **7,973,999** | 4,593,702 |
| Prepayments | *10* | **6,386,076** | 7,585,624 |
| Properties under development | | **61,126,374** | 29,317,271 |
| Completed properties held for sale | | **12,678,679** | 2,679,747 |
| Inventories | | **310,350** | 505,526 |
| Restricted cash | | **3,668,420** | 2,415,109 |
| Cash and cash equivalents | | **10,476,239** | 9,857,780 |
| | | **103,221,492** | 56,994,773 |
| **Total assets** | | **150,064,740** | 93,408,448 |

| | Note | **31 December 2020** *RMB'000* | 31 December 2019 *RMB'000* |
|---|---|---|---|
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital and share premium | | **3,759,410** | 250,936 |
| Reserves | | **3,187,047** | (2,237,168) |
| Accumulated losses | | **(12,997,113)** | (5,514,204) |
| | | **(6,050,656)** | (7,500,436) |
| **Non-controlling interests** | | **212,134** | 6,204,869 |
| **Total deficit** | | **(5,838,522)** | (1,295,567) |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Lease liabilities | | **589,422** | 223,221 |
| Deferred income | | **2,641,094** | 1,551,100 |
| Borrowings | *13* | **55,915,728** | 47,214,338 |
| Deferred income tax liabilities | | **2,216,209** | 2,591,663 |
| | | **61,362,453** | 51,580,322 |
| **Current liabilities** | | | |
| Contract liabilities | | **23,464,876** | 2,444,932 |
| Lease liabilities | | **214,351** | 214,373 |
| Trade and other payables | *14* | **52,964,764** | 24,282,087 |
| Borrowings | *13* | **16,290,530** | 15,172,530 |
| Current income tax liabilities | | **1,606,288** | 1,009,771 |
| | | **94,540,809** | 43,123,693 |
| **Total liabilities** | | **155,903,262** | 94,704,015 |
| **Total deficit and liabilities** | | **150,064,740** | 93,408,448 |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*FOR THE YEAR ENDED 31 DECEMBER 2020*

| | | Year ended 31 December | |
|---|---|---|---|
| | | **2020** | 2019 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| Revenue | *4* | **15,486,625** | 5,635,559 |
| Cost of sales | *5* | **(12,791,802)** | (3,748,437) |
| **Gross profit** | | **2,694,823** | 1,887,122 |
| Other (losses)/income, net | | **(6,909)** | 23,117 |
| Other gains, net | | **214,636** | 33,483 |
| Selling and marketing costs | *5* | **(2,237,848)** | (868,182) |
| Administrative expenses | *5* | **(5,114,518)** | (3,155,621) |
| Net impairment losses on financial assets | | **(37,022)** | (50,233) |
| Fair value (losses)/gains on investment properties | | **(126,420)** | 14,228 |
| **Operating loss** | | **(4,613,258)** | (2,116,086) |
| Finance income | *6* | **146,351** | 149,165 |
| Finance costs | *6* | **(2,841,482)** | (2,373,593) |
| Finance costs, net | *6* | **(2,695,131)** | (2,224,428) |
| Share of losses of investments accounted for using the equity method | | **(59,173)** | (53,694) |
| Fair value losses on financial assets at fair value through profit or loss | | **(27,701)** | (132,128) |
| **Loss before income tax** | | **(7,395,263)** | (4,526,336) |
| Income tax expenses | *7* | **(269,644)** | (421,142) |
| **Loss for the year** | | **(7,664,907)** | (4,947,478) |

| | Note | Year ended 31 December **2020** *RMB'000* | 2019 *RMB'000* |
|---|---|---|---|
| **Other comprehensive income/(loss):** | | | |
| *Items that may be reclassified to profit and loss:* | | | |
| Currency translation differences | | **2,749,478** | (526,616) |
| *Items that will not be reclassified to profit and loss:* | | | |
| Revaluation gains arising from transfer of construction in progress to investment properties, net of tax | | **—** | 6,631 |
| | | **2,749,478** | (519,985) |
| **Total comprehensive loss for the year** | | **(4,915,429)** | (5,467,463) |
| **Loss attributable to:** | | | |
| Owners of the Company | | **(7,394,075)** | (4,426,307) |
| Non-controlling interests | | **(270,832)** | (521,171) |
| | | **(7,664,907)** | (4,947,478) |
| **Total comprehensive loss attributable to:** | | | |
| Owners of the Company | | **(4,557,182)** | (4,886,413) |
| Non-controlling interests | | **(358,247)** | (581,050) |
| | | **(4,915,429)** | (5,467,463) |
| **Loss per share for loss attributable to owners of the Company** (expressed in RMB cents per share) | | | |
| — Basic loss per share | *8* | **(85.103)** | (51.230) |
| — Diluted loss per share | *8* | **(85.103)** | (51.230) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 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 changed its name from Evergrande Health Industry Group Limited to China Evergrande New Energy Vehicle Group Limited on 26 August 2020.

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

These consolidated financial statements are presented in Renminbi ("RMB") thousands, unless otherwise stated.

## 2 BASIS OF PREPARATION

### (i) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622.

The financial information relating to the year ended 31 December 2020 and the financial information relating to the year ended 31 December 2019 included in this preliminary announcement results for the year ended 31 December 2020 do not constitute the Company's statutory annual consolidated financial statements for these years but are derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements to the Registrar for Companies for the year ended 31 December 2020 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

### (ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss, which are carried at fair value.

**(iii) Liquidity and going concern**

The Group incurred net operating losses of RMB7,665 million (2019: RMB4,947 million) and net cash used in operation of RMB1,961 million (2019: RMB15,797 million) for the year ended 31 December 2020. As at 31 December 2020, the accumulated losses and the shareholders' deficit of the Group amounted to RMB12,997 million (2019: RMB5,514 million) and RMB5,839 million (2019: RMB1,296 million), respectively. Cash and cash equivalents as at 31 December 2020 were RMB10,476 million (2019：RMB9,858 million).

The Group's net operating losses is mainly contributed by the New Energy Vehicle segment which is in a stage of development and investment. For the year ended 31 December 2020, the New Energy Vehicle segment incurred significant operating losses mainly arising from the interest expenses for the shareholder loans of RMB2,744 million, research and development and advertising expenses of RMB2,280 million, impairment loss on goodwill and intangible assets of RMB1,040 million. The capital expenditure commitments as at 31 December 2020 were approximately RMB15,432 million, which were to be settled by more than one financial year.

The above matters indicated that the Group will need to secure a substantial amount of funds in the foreseeable future to finance these financial obligations and capital expenditures under various contractual and other arrangements.

In view of the above circumstances, the directors of the Company have reviewed the Group's cash flow projections, which cover a period of twelve months from 31 December 2020. The directors are of the opinion that, taking into account the following actions during the year ended 31 December 2020 and plans and measures to be taken, the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2020:

(i) In September 2020, China Evergrande Group agreed to extend the repayment period for the unsecured shareholder loans of US$1,018 million to September 2023. The directors are confident that the China Evergrande Group will further agree to extend shareholder loans of US$1,289 million upon expiry in the first quarter of 2022.

(ii) On 15 September 2020, the Group entered into top-up placing arrangements to introduce well-known international investors, raising a total of approximately HK$4,000 million.

(iii) On 24 January 2021, the Group entered into the subscription agreements with 6 third party investors to allot and issue an aggregate of 952,383,000 subscription shares, raising a total of approximately HK$26,000 million.

(iv) China Evergrande Group, the controlling shareholder, had issued a letter of financial support to the Company for a period of twelve months from the approval date of these consolidated financial statements to enable the Group to meet liabilities as they fall due and carry on business without a significant curtailment of operations;

(v) Management has developed plans to have marketing activities and to promote sales of health and living projects. Management has also developed plans to closely monitor the New Energy Vehicle segment cost control and capex.

Therefore, the Group's consolidated financial statements have been prepared on a going concern basis.

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 New and amended standards adopted by the Group

The following new amendments to existing standards are mandatory for the first time for the financial period beginning 1 January 2020.

| | |
|---|---|
| Amendments to HKAS 1and HKAS 8 | Definition of material |
| Amendments to HKFRS 3 | Definition of a business |
| Amendments to HKFRS 7, HKFRS 9 and HKAS 39 | Interest rate benchmark reform |
| Amendment to HKFRS 16 | COVID-19-Related Rent Concessions |
| Revised Conceptual Framework for Financial Reporting | |

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The Group has early adopted Amendment to HKFRS 16 — COVID-19-Related Rent Concessions retrospectively from 1 January 2020 which are not expected to significantly affect the current or future periods.

### 3.2 New standards, amendments, interpretation and accounting guideline not yet adopted

| | | **Effective for annual periods beginning on or after** |
|---|---|---|
| Amendments to HKFRS 9, HKAS 39, HKFRS 4 and HKFRS 16 | Interest Rate Benchmark Reform — Phase 2 | 1 January 2021 |
| 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 |
| 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 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.

## 4 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-related 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 year. An analysis of the Group's revenue by type for the year is as follows:

| | 2020<br>*RMB'000* | 2019<br>*RMB'000* |
|---|---|---|
| **Health Management** | | |
| Sales of health and living projects (i) | **15,267,584** | 4,930,384 |
| Income from medical cosmetology and health management (ii) | **30,963** | 26,596 |
| Rental income | **545** | 18,084 |
| | **15,299,092** | 4,975,064 |
| **New Energy Vehicle** | | |
| Sales of lithium batteries (i) | **81,620** | 587,779 |
| Provision of technical services (ii) | **60,498** | 65,796 |
| Sales of vehicle components (i) | **45,415** | 6,920 |
| | **187,533** | 660,495 |
| | **15,486,625** | 5,635,559 |

(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 years ended 31 December 2020 and 2019 are as follows:

| **Year ended 31 December 2020** | **Health Management** *RMB'000* | **New Energy Vehicle** *RMB'000* | **Unallocated** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|
| Revenue from contracts with customers | **15,298,547** | **187,533** | **—** | **15,486,080** |
| Revenue from other sources | **545** | **—** | **—** | **545** |
| Segment revenue from external customers | **15,299,092** | **187,533** | **—** | **15,486,625** |
| Finance income/(costs), net | **4,742** | **(2,699,873)** | **—** | **(2,695,131)** |
| Share of losses of investments accounted for using the equity method | **(35,787)** | **(23,386)** | **—** | **(59,173)** |
| Fair value losses on financial assets at fair value through profit or loss | **—** | **(27,701)** | **—** | **(27,701)** |
| Fair value losses on investment properties | **(126,420)** | **—** | **—** | **(126,420)** |
| Segment results | **820,483** | **(8,190,670)** | **(25,076)** | **(7,395,263)** |
| Loss before income tax | | | | **(7,395,263)** |
| Income tax expenses | | | | **(269,644)** |
| **Loss for the year** | | | | **(7,664,907)** |
| **Other segment item:** | | | | |
| Depreciation and amortisation recognised in expenses | **82,407** | **999,917** | **—** | **1,082,324** |

| Year ended 31 December 2019 | Health Management *RMB'000* | New Energy Vehicle *RMB'000* | Unallocated *RMB'000* | Total *RMB'000* |
|---|---|---|---|---|
| Revenue from contracts with customers | 4,956,980 | 660,495 | — | 5,617,475 |
| Revenue from other sources | 18,084 | — | — | 18,084 |
| Segment revenue from external customers | 4,975,064 | 660,495 | — | 5,635,559 |
| Finance costs, net | (25,168) | (2,199,260) | — | (2,224,428) |
| Share of losses of investments accounted for using the equity method | (316) | (53,378) | — | (53,694) |
| Fair value losses on financial assets at fair value through profit or loss | — | (132,128) | — | (132,128) |
| Fair value gains on investment properties | 14,228 | — | — | 14,228 |
| Segment results | 837,319 | (5,294,562) | (69,093) | (4,526,336) |
| Loss before income tax | | | | (4,526,336) |
| Income tax expenses | | | | (421,142) |
| **Loss for the year** | | | | (4,947,478) |
| **Other segment item:** | | | | |
| Depreciation and amortisation recognised in expenses | 62,701 | 939,072 | — | 1,001,773 |

**(c) Segment assets and liabilities**

The segment assets and liabilities as at 31 December 2020 and 31 December 2019 are as follows:

| | **Health Management** | **New Energy Vehicle** | **Unallocated** | **Total** |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| 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** |
| Capital expenditure | 377,028 | 12,742,910 | — | 13,119,938 |
| As at 31 December 2019 | | | | |
| Segment assets | 43,839,728 | 49,497,505 | 71,215 | 93,408,448 |
| Segment liabilities | 36,838,144 | 54,264,437 | 3,601,434 | 94,704,015 |
| Capital expenditure | 1,670,973 | 4,402,403 | — | 6,073,376 |

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, 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:

| | **31 December 2020** *RMB'000* | 31 December 2019 *RMB'000* |
|---|---|---|
| Segment assets | **149,756,371** | 93,337,233 |
| Unallocated: | | |
| Deferred income tax assets | **308,369** | 71,215 |
| Total assets per consolidated balance sheet | **150,064,740** | 93,408,448 |
| Segment liabilities | **152,080,765** | 91,102,581 |
| Unallocated: | | |
| Current and deferred income tax liabilities | **3,822,497** | 3,601,434 |
| Total liabilities per consolidated balance sheet | **155,903,262** | 94,704,015 |

## 5 EXPENSE BY NATURE

| | 2020 | 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Cost of health and living projects | **12,222,694** | 2,939,551 |
| Employee benefit expenses（including directors'emoluments） | **1,426,412** | 1,379,488 |
| Employee benefit expenditure（including directors'emoluments） | **3,118,777** | 1,661,061 |
| Less: capitalised in properties under development,construction in progress and intangible assets | **(1,692,365)** | (281,573) |
| Research and development expenses | **1,663,994** | 295,058 |
| Advertising and promotion expenses | **1,559,273** | 466,442 |
| Impairment losses on intangible assets | **807,860** | 174,889 |
| Impairment losses on goodwill | **231,918** | — |
| Amortisation of intangible assets | **423,303** | 438,741 |
| Depreciation of property, plant and equipment | **510,503** | 407,125 |
| Depreciation of right-of-use assets | **148,518** | 155,907 |
| Professional fees | **258,762** | 209,846 |
| Business tax and other levies | **189,858** | 119,218 |
| Changes in inventories of finished goods and work in progress | **152,460** | 445,310 |
| Office expenses | **182,269** | 272,264 |
| Operating lease rentals for rented premises and machineries | **79,272** | 34,444 |
| Raw materials and consumables used | **62,254** | 119,736 |
| Write-down of completed properties held for sale | **30,396** | 53,313 |
| Write-down of inventories | **65,081** | 24,314 |
| Transportation expenses | **64,613** | 106,146 |
| Utility fees | **17,445** | 26,701 |
| Legal expenses | **15,284** | 60,351 |
| Auditor's remunerations | **8,680** | 9,827 |
| — Audit services | **6,200** | 3,314 |
| — Non-audit services | **2,480** | 6,513 |
| Others | **23,319** | 33,569 |
| **Total cost of sales, selling and marketing costs and administrative costs** | **20,144,168** | 7,772,240 |

## 6 FINANCE COSTS, NET

| | 2020 | 2019 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Finance income | | |
| — Bank interest income | **146,351** | 149,165 |
| Finance costs | | |
| — Interest expense on bank and other borrowings | **(4,216,636)** | (1,732,573) |
| — Less: interest capitalised | **4,168,283** | 1,421,085 |
| | **(48,353)** | (311,488) |
| — Interest expense on shareholders borrowings | **(2,744,153)** | (1,977,048) |
| — Less: interest capitalised | **—** | — |
| | **(2,744,153)** | (1,977,048) |
| — Interest expense on lease liabilities | **(48,976)** | (85,057) |
| | **(2,841,482)** | (2,373,593) |
| Finance costs, net | **(2,695,131)** | (2,224,428) |

## 7 INCOME TAX EXPENSE

The amount of income tax charged to the consolidated statements of comprehensive income represents:

| | 2020 | 2019 |
|---|---|---|
| | *RMB'000* | *RMB'000* |
| Current income tax: | | |
| — PRC corporate income tax | **704,045** | 304,129 |
| — PRC land appreciate tax | **178,207** | 264,944 |
| | **882,252** | 569,073 |
| Deferred income tax | | |
| — PRC corporate income tax | **(510,205)** | (147,931) |
| — PRC land appreciate tax | **(102,403)** | — |
| | **(612,608)** | (147,931) |
| | **269,644** | 421,142 |

**Hong Kong profits tax**

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the year ended 31 December 2020 (2019:16.5%). Hong Kong profits tax has not been provided for as the Group did not have any assessable profits during the year ended 31 December 2020 (2019: nil).

**PRC corporate income tax**

PRC corporate income tax is calculated at 25% of the estimated assessable profit for the year ended 31 December 2020 (2019:25%). 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 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 year.

| | **2020** | 2019 |
|---|---|---|
| Loss attributable to shareholders of the Company (RMB'000) | **(7,394,075)** | (4,426,307) |
| Weighted average number of ordinary shares for the purpose of basic loss per share | **8,688,378,082** | 8,640,000,000 |
| Basic loss per share (RMB cents per share) | **(85.103)** | (51.230) |

### (b) Diluted

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

| | 2020 | 2019 |
|---|---|---|
| Loss attributable to shareholders of the Company (RMB'000) | **(7,394,075)** | (4,426,307) |
| Weighted average number of ordinary shares for the purpose of basic loss per share | **8,688,378,082** | 8,640,000,000 |
| Adjustments for share options (i) | **—** | — |
| Weighted average number of ordinary shares for diluted loss per share | **8,688,378,082** | 8,640,000,000 |
| Diluted loss per share (RMB cents per share) | **(85.103)** | (51.230) |

(i) The 294,880,000 options granted and remained unexercised are not included in the calculation of diluted loss per share because they are antidilutive for the year ended December 31, 2020. These options could potentially dilute basic (loss)/earnings per share in the future.

## 9 DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2020 (2019: nil).

## 10 PREPAYMENTS

| | **31 December 2020** *RMB'000* | 31 December 2019 *RMB'000* |
|---|---|---|
| Prepayments | | |
| — Land use rights | **6,675,537** | 8,062,319 |
| — Property, plant and equipment | **619,010** | 1,031,293 |
| — Acquisition of further interest in subsidiaries | **141,748** | 153,178 |
| — Others | **235,667** | 114,865 |
| | **7,671,962** | 9,361,655 |
| Less: non-current portion | | |
| — Land use rights | **(514,679)** | (564,413) |
| — Property, plant and equipment | **(619,010)** | (1,031,293) |
| — Acquisition of further interest in subsidiaries | **(141,748)** | (153,178) |
| — Others | **(10,449)** | (27,147) |
| | **(1,285,886)** | (1,776,031) |
| Current portion | **6,386,076** | 7,585,624 |

## 11 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 31 December 2020 *RMB'000* | 31 December 2019 *RMB'000* |
|---|---|---|
| Unlisted redeemable preferred shares | **3,784,442** | 3,976,434 |
| Other equity investments | **670,176** | 741,844 |
| | **4,454,618** | 4,718,278 |

## 12 TRADE AND OTHER RECEIVABLES AND PREPAID TAXES

| | 31 December 2020 *RMB'000* | 31 December 2019 *RMB'000* |
|---|---|---|
| Trade receivables (i) | **1,129,184** | 774,877 |
| Other receivables (ii) | **4,666,954** | 2,900,958 |
| Prepaid taxes | **2,317,222** | 991,602 |
| | **8,113,360** | 4,667,437 |
| Less: non-current portion of trade receivables | **(139,361)** | (73,735) |
| Current portion | **7,973,999** | 4,593,702 |

(i) Trade receivables

| | 31 December 2020 *RMB'000* | 31 December 2019 *RMB'000* |
|---|---|---|
| Trade receivables — third parties | **1,137,425** | 776,594 |
| Less: allowance provision for impairment | **(8,241)** | (1,717) |
| | **1,129,184** | 774,877 |
| Less: non-current portion | **(139,361)** | (73,735) |
| Current portion | **989,823** | 701,142 |

(a) 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 the revenue recognition date as at the respective balance sheet dates is as follows:

| | **31 December 2020** | 31 December 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Within 90 days | **612,595** | 494,590 |
| Over 91 days and within 180 days | **231,596** | 163,144 |
| Over 180 days and within 365 days | **99,098** | 37,718 |
| Over 365 days | **194,136** | 81,142 |
| | **1,137,425** | 776,594 |

(b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2020, a provision of RMB8,241,000 (2019: RMB1,717,000) was made against the gross amounts of trade receivables.

(c) As at 31 December 2020 and 2019, the fair value of trade receivables approximated their carrying amounts. The maximum exposure to credit risk of the trade receivables at the reporting date was the carrying value of each class of receivables. The Group has retained the legal titles of the properties sold to these customers before the trade receivables are settled.

(d) The Group's trade receivables are mainly denominated in RMB.

(ii) Other receivables

| | **31 December 2020** | 31 December 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| Other receivables | | |
| — third parties | **1,362,910** | 1,686,373 |
| — related parties | **3,349,862** | 1,266,503 |
| | **4,712,772** | 2,952,876 |
| Less: allowance provision for impairment | **(45,818)** | (51,918) |
| | **4,666,954** | 2,900,958 |

(a) 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.

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

## 13 BORROWINGS

| | **31 December 2020** *RMB'000* | 31 December 2019 *RMB'000* |
|---|---|---|
| Borrowings included in non-current liabilities: | | |
| Bank borrowings | **10,433,732** | 6,489,950 |
| Shareholder borrowings | **38,417,895** | 32,179,297 |
| Other borrowings | **17,158,529** | 13,535,691 |
| | **66,010,156** | 52,204,938 |
| Less: current portion of non-current borrowings | **(10,094,428)** | (4,990,600) |
| | **55,915,728** | 47,214,338 |
| Borrowings included in current liabilities: | | |
| Bank borrowings | **184,000** | 1,600,000 |
| Other borrowings | **6,012,102** | 8,581,930 |
| Current portion of non-current borrowings | **10,094,428** | 4,990,600 |
| | **16,290,530** | 15,172,530 |
| Total borrowings | **72,206,258** | 62,386,868 |

## 14 TRADE AND OTHER PAYABLES

| | **31 December 2020** *RMB'000* | 31 December 2019 *RMB'000* |
|---|---|---|
| Trade and notes payables (a) | **39,362,067** | 13,173,528 |
| — third parties | **39,324,142** | 13,173,528 |
| — related parties | **37,925** | — |
| Other payables | **7,414,046** | 8,272,721 |
| — third parties (b) | **4,579,711** | 4,960,490 |
| — related parties | **2,834,335** | 3,312,231 |
| Interest payable to: | **4,306,607** | 2,406,681 |
| — third parties | **539,289** | 190,406 |
| — related parties | **3,767,318** | 2,216,275 |
| Payroll payable | **127,653** | 200,014 |
| Other taxes payable | **1,752,241** | 223,997 |
| Provisions | **2,150** | 5,146 |
| Total trade and other payables | **52,964,764** | 24,282,087 |

(a) The Group normally receives credit terms of 60 days to 90 days from its suppliers. The following is an ageing analysis of trade payables based on the invoice date at the balance sheet date:

| | **31 December 2020** | 31 December 2019 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| 0–90 days | **15,219,004** | 3,437,825 |
| 91–180 days | **6,393,104** | 1,372,626 |
| Over 180 days | **17,749,959** | 8,363,077 |
| | **39,362,067** | 13,173,528 |

(b) Other payables to third parties mainly included the construction payable for property, plant and equipment, payable for purchase of land use rights, payable for acquisition of subsidiaries and etc.

## 15 SUBSEQUENT EVENT

On 24 January 2021, the Company entered into the subscription agreements with 6 third party investors to allot and issue an aggregate of 952,383,000 subscription shares at HK$27.3 per share, raising a total of approximately HK$26,000 million. Each investor has agreed to a twelve-month lock-up period in respect of the subscription shares.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

The principal business activities of China Evergrande New Energy Vehicle Group Limited (the "**Company**" or "**Evergrande Auto**") 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**").

***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 create an intelligently connected mobile space of "car and home integration", and establish Hengchi as a world-renowned Chinese automobile brand.

Dedicated to the global R&D and promotion of new energy vehicles applications, the Group adhered to its core technology vision of "achieving world-class core technology and proprietary intellectual property rights", and its quality goal of "achieving world-class product quality", and has established a full industry chain of new energy vehicles covering automobile manufacturing, electric motor control, power batteries, vehicle sales, smart charging, shared mobility and other aspects. The Group cooperated with global automotive engineering technology leaders and top styling and design masters to simultaneously develop and design 14 vehicle models, 9 of which have been released. The Group also built advanced intelligent manufacturing bases in Tianjin, Shanghai, Guangzhou and other locations in accordance with the Industry 4.0 Standard. The Group strives to become the world's largest and most powerful new energy vehicle enterprise, with a goal of achieving annual production and sales volume of over 1 million vehicles by 2025 and 5 million vehicles by 2035, respectively.

Focusing on the three major pillars of core technology, quality and scale, the Group has integrated top talents, technologies and equipments from all over the world. At present, the Group has formed core advantages on talent, capital, core technology, quality, cost, sales, after-sales services, corporate management and strong execution capabilities.

The new energy vehicle business of the Group achieved breakthrough progress for the twelve months ended 31 December 2020 (the "**Reporting Period**").

In March 2020, Gemera, the top new energy super sports car jointly developed by the Group and Koenigsegg, made its global debut. In August 2020, the first batch of the six models of Hengchi were released globally, and several production bases built in accordance with the Industry 4.0 Standard were unveiled. In November 2020, Hengchi's car branding and naming system were released, with the Tianjin, Shanghai and Guangzhou production bases fully initiated trial production and commissioning, and preparations for mass production having progressed smoothly. In December 2020, the interior design of Hengchi 1 was unveiled with remarkable features. Given its excellent interior and exterior designs and outstanding performance, Hengchi 1 was well-received enthusiastically within the market.

Entering 2021, the Group's new energy vehicle business segment has achieved another major breakthrough. In February, Hengchi conducted a three-week winter calibration test in Yakeshi, Hulunbuir, to comprehensively test the reliability, safety, stability and comfortability of Hengchi in extremely cold environment. Three new models, namely Hengchi 7, Hengchi 8 and Hengchi 9, were released. In March, the Group established a joint venture with Tencent to jointly develop a world-leading smart vehicle operating system with proprietary intellectual property rights. For the first time, the Group announced its forward-looking layout and a series of innovations in the field of intelligent network connection, and released the H-Smart OS (Hengchi smart vehicle operating system), which covers the dual ecosystems of Tencent and Baidu and brings users an unprecedented intelligent life experience.

The Group will endeavor to facilitate the mass production of the nine Hengchi models at full speed, and continue to devote itself to the innovation and application of new energy vehicle technologies and product R&D. At the same time, the Group will introduce additional vehicle models to enrich its product mix and elevate the smart manufacturing standards in China.

***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, 29 Evergrande Elderly Care Valley took root across China. The Group also continued its in-depth exchanges and cooperation with Brigham and Women's Hospital (being one of the main teaching hospitals of Harvard Medical School) in the United States, which comprehensively enhanced the healthcare services standards at Boao Evergrande International Hospital, the only affiliated hospital of Brigham and Women's Hospital in China. The Group also improved Evergrande Medical System, which integrated resources from well-known 3A hospitals across different areas, with Evergrande International Hospital at the top and Evergrande Rehabilitation Hospital as well as the community medical system at the end.

**Financial Review**

In 2020 (the "**Year**"), the Group's turnover amounted to RMB15,486.63 million, representing an increase of 174.8% as compared to RMB5,635.56 million in 2019. 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 Year was mainly due to the increase in revenue from Evergrande Elderly Care Valley (the "**Elderly Care Valley**") by 208.54% to RMB15,268.13 million for the Year from RMB4,948.47 million for 2019. During the Year, revenue from medical cosmetology and outpatient services increased by 16.39% to RMB30.96 million from RMB26.60 million in 2019, mainly attributable to the increase in business volume of this segment. During the Year, revenue from new energy vehicle segment decreased by 71.61% to RMB187.53 million from RMB660.50 million in 2019, mainly attributable to the decrease in revenue from sales of batteries. Based on the reform and upgrade of new battery products, CENAT Plant was mainly disposing current battery inventories during the Year.

During the Year, the gross profit of the Group was RMB2,694.82 million, representing an increase of 42.80% from RMB1,887.12 million for 2019. Gross profit margin dropped from 33.49% for 2019 to 17.40% for the Year, mainly due to the increase in total profit as a result of the increase in total income from the increased business volume of health and living projects. However, the gross profit margin corresponding to the income from the additional health and living projects decreased due to the different locations of the projects. Moreover, in order to accelerate sales, the Group offered greater discount to customers.

Other net gains of the Group increased to RMB214.64 million for the Year from RMB33.48 million for 2019, mainly due to the exchange gains of RMB156.94 million recorded during the Year, while exchange losses of RMB34.30 million were recorded last year.

Selling and marketing expenses increased by 157.76% to RMB2,237.85 million for the Year from RMB868.18 million in 2019, mainly due to the increase in marketing expenses for the Elderly Care Valley as a result of the increase in the number of commenced projects for the Elderly Care Valley.

Administrative expenses increased by 62.08% to RMB5,114.52 million for the Year from RMB3,155.62 million for 2019, mainly due to the significant increase in R&D expenses invested in the new energy vehicle industry. Furthermore, the Group made impairment provision for certain intangible assets acquired and the goodwill arising from such acquisition.

Finance costs, net, increased from RMB2,224.43 million for 2019 to RMB2,695.13 million during the Year, mainly due to increased interest expenses as a result of increased borrowings from shareholders.

Income tax expenses decreased by 35.97% to RMB269.64 million during the Year from RMB421.14 million in 2019, mainly due to the decrease of PRC land appreciation tax.

During the Year, the Group recorded loss of RMB7,664.91 million, representing an increase of 54.93% from loss of RMB4,947.48 million for 2019, mainly due to the decline in gross profit of health management business and the increase in marketing expenses, interest expenses and R&D expenses in new energy vehicle business.

**Business Review**

***New Energy Vehicle Segment***

In 2020, affected by various factors including the trade disputes between China and the United States as well as the COVID-19 pandemic, global economic downturn risks increased. In order to maintain stability of automobile market, relevant State authorities have emphasized their encouragement and support towards the development of the automobile industry.

Driven by such policy directions, the domestic automobile market has achieved rapid recovery. According to data sourced from the China Association of Automobile Manufacturers, between January and March 2020, production and sales volume of vehicles in China fell by 45.2% and 42.4% year-on-year, respectively. Production and sales volume between April and December showed positive growth for nine consecutive months, achieving annual sales of 25.31 million vehicles, having declined by 1.9% year-on-year, nonetheless continued to rank first in the world. As for new energy vehicle market, in 2020, China's new energy vehicle production and sales volume achieved 1.36 million vehicles and 1.36 million vehicles, representing year-on-year increase of 7.5% and 10.9% respectively. The overall development has exceeded expectations.

The Group believes that the development of the new energy automobile industry will continue to improve in the long term. With the emerging wave of electrification, intelligence transformation and network advancement of automobiles, irreversible structural changes have taken place in automobile products and industry landscape. Automobiles are progressing from being simple means of transportation to super mobile intelligent terminals.

During the Reporting Period, following the release of the design of the new energy automobile industry, the New Energy Automobile Industry Development Plan (2021–2035) (《新能源汽車產業發展規劃(2021–2035年)》), overall deployment was made in technological innovation, industrial ecology, integrated development, infrastructure and open cooperation, which further reinforces the medium and long-term health-centric development of the industry. In terms of specific measures, the consumption, usage and infrastructure construction of new energy vehicles benefited from various fiscal and tax policy support in China. Meanwhile, standards of and requirements for electric car manufacturing technology have been further enhanced and optimized, thus ensuring the sustainable and health-centric development of the industry. For example, the Notice on Improving the Financial Subsidy Policies for the Promotion and Application of New Energy Vehicles jointly issued by the Ministry of Finance, the Ministry of Industry and Information Technology, the Ministry of Science and Technology and the National Development and Reform Commission on 23 April 2020 announced that the financial subsidy policies for the promotion and application of new energy vehicles will be extended to the end of 2022.

The Group will strive to seize the once-in-a-century industry development opportunity, strengthen its technology R&D and innovation, and at the same time enhance its "hard power" in hardware design and high-end manufacturing, as well as its "soft power" in software and services, and further improve product layout and fully promote the continuous development and growth of the new energy vehicle business.

During the Reporting Period, the Group continued to integrate top resources from all around the world, deepened cooperation with strategic partners, improved the layout of the full industry chain, and implemented a number of major achievements in an orderly manner.

Products Aspects:

On 3 March 2020, Gemera, the top new energy super sports car jointly developed by the Group and Koenigsegg, made its global debut.

On 3 August 2020, the first batch of the six models of Hengchi were revealed at the same time. The outstanding body designs have been well-received overall at the market. Hengchi 1, a pure Electric flagship sedan in the "D-class"; Hengchi 2, a pure electric sports ultra-luxury sedan in the "B-class"; Hengchi 3, a pure electric large ultra-luxury SUV in the "C-class"; Hengchi 4, a pure electric large ultra-luxury MPV with seven seats; Hengchi 5, a pure electric luxury SUV in the "A-class"; and Hengchi 6, a pure electric luxury cross-over SUV in the "A-class", were all designed by world-famous automotive designers such as Anders Warming and Michael Robinson.

On 10 November 2020, the Group released the Hengchi car logo, which embodies creative source and profound connotation of "protecting the blue sky and victory in the red sea, the oriental lion standing proudly over the world".

On 11 November 2020, the Group announced the naming system for the Hengchi series. Each Hengchi will be named according to its launching order, grade and model, striving to position itself as declining with luxury, ultra-luxury, flagship with each Hengchi vehicle built in accordance with luxury car standards.

On 9 December 2020, the interior design of Hengchi 1 was unveiled, which was equipped with ultra-luxury and top-level configuration and high-tech intelligent experience.

R&D Aspects:

During the Reporting Period, the Group's R&D strength continued to improve. The Group established R&D organizations including the R&D Institute Global Headquarters and the Academy of Intelligent Sciences, which are primarily responsible for product planning, styling and design, engineering development, virtual analysis, trial production testing and other vehicle R&D, as well as core component R&D such as powertrains and major research and development work such as forward-looking technology research. The Group continues to recruit top professionals worldwide, and currently employs more than 3,500 scientific research personnel.

During the Reporting Period, the Group also continued to strengthen its independent R&D and innovation capabilities. While continuously improving core key technologies on the batteries aspects of new energy vehicles, the Group also increased technological exploration and innovation in areas such as intelligent network connection and autonomous driving to establish R&D core competitiveness.

In terms of **power batteries**, the Group has established R&D bases in Shenzhen, Shanghai and Osaka, Japan, and introduced top global scientists. There are currently more than 800 members on the core scientific research team focusing on the deployment of lithium-ion batteries, solid state batteries, battery materials, battery management system (BMS), and forward-looking development and application of next-generation battery technology. We have 40 professional R&D and testing laboratories that focus on material synthesis, electrolyte R&D, solid electrolyte synthesis, module, battery pack R&D, thermal management, with more than 15,000 test points. Evergrande Auto's battery adopts a power battery system with high specific energy, high safety, high performance, longevity, low cost and ultra-fast charging. The product system covers ternary soft packs, lithium iron phosphate, and serves to provide a full set of solutions for EV/PHEV/HEV/storage application. Mass production is expected to commence in the second half of 2021.

In terms of **electric drive system**, Evergrande Auto independently developed a three-in-one electric drive assembly system, including flexible and expandable power module technology, leading three-in-one integrated battery case technology, the efficient and easy-to-produce "continuous wave" hair-pin stator technology, variable shaft length and expandable power motor technology, oil cooling technology, advanced chip control technology, in order to supporting the diversified demands of Hengchi vehicles with high-performance, standardized and universal advanced power.

In terms of **intelligent network connection and autonomous driving**, the Group has jointly developed smart cockpits and networking ecosystems with Tencent, Baidu and others. In the future, the Group will seek to independently develop and integrate with Evergrande Auto's own ecology, and create a vehicle-home travel and mobile lifestyle through a powerful vehicle-cloud integrated data platform. Evergrande Auto implements self-developed, full-stack and multi-dimensional integration solutions that are vehicle-based, field-based and cloud-based, supplemented by advanced technologies such as multi-sensor stereo perception technology, super computing power platform and high-precision map positioning to target roads scenarios with Chinese characteristics. The automatic driving technology upgrade is promoted in stages, bringing users the ultimate smart mobile experience under all weather and in all scenarios, as well as comprehensive safety guarantees.

Manufacturing Aspects:

During the Reporting Period, the construction of the Group's Tianjin, Shanghai and Guangdong production bases were completed in accordance with the Industry 4.0 Standard. These bases fully launched trial production and commissioning, utilizing advanced equipment and techniques to realize the advanced intelligent manufacturing in the world.

In particular, the press workshops utilize the press equipment supplied by Schuler in Germany, which is equipped with the MMS smart self-diagnostic system, being one of the most advanced and fully automated press production line in the world.

The vehicle body workshop utilizes equipment supplied by Kuka in Germany and Fanuc in Japan and employs digital twin technology. Production data can be shared across different assembly lines, helping to establish the world-class high-end smart "dark factories".

The vehicle paint workshops have introduced world-class production lines supplied by Dürr in Germany to realize fully automated painting and gluing. The advanced technologies such as horizontal drying-out and fast color changing are also introduced to achieve intelligent, environmentally-friendly and customized painting.

The assembly workshops utilize assembly lines supplied by Dürr in Germany, where a virtual matching system is employed. With this, the vehicle assembly lines can achieve the highest automation rate in the world.

***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 Company 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", including the Elderly Care Park (頤養園) providing high-precision, multi-dimensional and scientific life management services, the Fun Park (長樂園) integrating culture and entertainment to provide high-quality health care and wellness regimes, the Sports Park (康益園) focusing on sports and keeping fit to reshape a new life of healthy activities, as well as the Kid Park (親子園) practicing the concept of parent-child enjoyment and building a cross-generational social circle, and advocating harmonious relationship between the elderly and children. 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 31 December 2020, a total of 18 health preserving exhibition and experience centers in Xiangtan, Nanjing, Yangzhong, Yuntaishan, Zhengzhou, Wuzhou, Kunming, Xianning, Hohhot, Chongqing Shuangfu, Jinhua, Yueyang, Jinzhai, Zibo, Tangshan, Urumqi, Nanning Airport and Wuhan were open to the public. 15 projects of the four major parks in Hohhot, Nanjing, Xiangtan, Shenfu, Chongqing Shuangfu, Xianning, Jinhua, Yueyang, Jinzhai, Zibo, Tangshan, Urumqi, Nanning Airport, Wuhan and Zhengzhou had been put into trial operation, while the Xi'an medical and nursing complex, Kunming Project Hotel Apartments and Sanya Project Travelling Apartments have officially commenced operation. Five Evergrande Elderly Care Valleys, namely Zhengzhou Evergrande Elderly Care Valley, Shenfu Evergrande Elderly Care Valley, Sanya Evergrande Elderly Care Valley, Nanjing Evergrande Elderly Care Valley and Xiangtan Evergrande Elderly Care Valley, began pilot charged operations based on the principles of mechanism innovation, product innovation and service innovation.

Evergrande Elderly Care Valley created a new high-precision and multi-dimensional health management mechanism. Keeping pace with international standards and the world's cutting-edge technology, such as those adopted in Brigham and Women's Hospital, and leveraging on the multi-level hierarchical medical system adopted in Henghe Secondary Rehabilitation Hospital, general practice clinic and other medical institutions, the Group established a health member data cloud platform to create a "1+1" health management model with high-end private family doctors and health consultants. The Group also formulated healthcare plans integrating physical examination, screening and intervention, and carried out businesses such as weight management, child health management, sub-health management, chronic disease conditioning and rehabilitation physiotherapy. By combining Evergrande projects across the country, the Group has established a unique "health + tourism" model and "health management service at home", thereby achieving high-precision health management.

Evergrande Elderly Care Valley created a new comprehensive multi-level health care mode for the elderly. Leveraging on Evergrande Elderly Care Valley, the Group innovated a new elderly care model of "one family with three generations living in two apartments", thereby establishing a world-class elderly care center. With active apartments for the elderly, an energetic elderly care institution, home care service centers as the main products, the Group forms a diversified elderly care system with home care as the basis, community care as the support, and institutional care as the supplement. The Group developed an in-depth cooperation with RIEI Company Limited, a well-known Japanese elderly care service operator, to jointly promote the construction of its first nursing home, namely Xi'an Evergrande RIEI International Elderly Care Center (西安恒大禮愛國際頤養中心).

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 2020, leveraging on the advantages of the concession policies of the pilot zone, Boao Evergrande International Hospital fully developed medical services under the guidance of Brigham, commenced multilateral cooperation concerning diseases and provided international advanced tumor diagnosis and treatment services for multiple diseases.

Through the Boao Public Bonded Drug Warehouse (博鰲公共保稅藥倉), a variety of licensed drugs 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 in China.

In order to deep-dive into the front line of volunteer activities and to promote health and poverty alleviation, our dedicated efforts on public benefit activities have included Boao Lecheng lung cancer free screening activity and our concerted effort with a expert group from Asia-Pacific Alliance of Liver Disease Beijing (APALD) in carrying out free clinic service in Dafang County, Bijie City, Guizhou Province.

During the COVID-19 outbreak, Boao Evergrande International Hospital proactively arranged medical staff to travel to Hubei to fight against COVID-19, which fully reflects the responsibility and commitments that Boao Evergrande International Hospital, as an international hospital, should bear.

In respect of medications, supported by Boao Public Bonded Drug Warehouse with medical institutions in the pilot zone as end-point providers, the Group introduced a variety of licensed drugs from renowned international pharmaceutical companies such as Roche, Novartis, Takeda, Astellas, Merck and AstraZeneca, thus practically realizing the use of internationally cutting-edge innovative licensed drugs and medical devices by citizens without going abroad.

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

## OUTLOOK

### New Energy Vehicle Segment

With the COVID-19 pandemic under effective control in China, as well as a series of favorable policies promulgated by the central and local governments, the pace of recovery in the market has picked up.

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 only account for about 5% of the total sales of new vehicles, which is far from the 20% target set by the State. The Group is of full confidence that the new energy automobile industry has a promising future.

At present, the Group's new energy vehicle business is progressing steadily on track with its planned goals.

In the field of product offering, the Group will endeavour to make every effort to facilitate the mass production of Hengchi.

In the field of R&D, the Group will continue to carry out technological innovation, continuously improve the driving and riding experience, promote the upgrades of autonomous driving technology in stages, and become a supplier of smart and interconnected mobile travel solutions in multiple scenarios such as home, office and life.

In the field of manufacturing, the Group will make every effort to promote the formal commissioning of production bases in Tianjin, Shanghai and Guangzhou.

In the field of sales channel, the Group is also rapidly undertaking preparations to build Hengchi vehicles exhibition and experience, sales centers and after-sales maintenance and repair service centers, including 36 Hengchi exhibition and experience centers, 1,600 Hengchi sales centers, as well as 3,000 self-operated and authorized after-sales maintenance and repair service centers, thereby creating a vast vehicle sales channel and a network of after-sales service outlets. In addition, the Group will also utilize internet technology service group FCB to build a strong closed loop of online and offline transactions, laying a solid foundation for Hengchi to quickly seize the automobile trading market following mass production.

In the future, we will continue to focus on the diverse needs of consumers, strengthen product R&D, continue to enrich the product matrix and launch competitive models. At the same time, we will join forces with top intelligent network connection giants such as Tencent and Baidu to create a unique intelligent connected mobile space that integrates car and home, further enhance the driving and riding experience of consumers and promote the rapid development of new energy vehicle business.

**Health Management Segment**

***Outlook for Evergrande Elderly Care Valley***

The Group will further integrate world-class resources on medical treatment, health management, wellness living, elderly care, insurance and tourism. 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 full-cycle, high-quality and multi-dimensional healthcare services.

The Group plans to expand its operations into 70 livable wellness living resorts in the coming 3 years so as to provide services for members of the Group.

In respect of wellness living, the Group will put into operation at least 4 major parks of the 5 Evergrande Elderly Care Valleys in 2021, while Nanjing Evergrande Elderly Care Valley, Hohhot Evergrande Elderly Care Valley and Chongqing Evergrande Elderly Care Valley are expected to be built, forming a closed circuit and building up developed operation experience. The Group will also facilitate the commencement of fee-charging trial operation of at least 10 developed Evergrande Elderly Care Valleys, including Xianning Evergrande Elderly Care Valley and Zibo Evergrande Elderly Care Valley.

In relation to health management, the Group will further integrate high quality domestic and foreign health management resources, draw on the experience of and introduce domestically and internationally leading service models of chronic disease management, weight management, child health management and body checks, and speed up the optimization and implementation of high-precision health management services, thereby building a leading brand specializing in the provision of domestic professional health management services.

For elderly care, the Group will further accelerate the nationwide expansion of an elderly care service system with Evergrande's characteristics with the foundation of Evergrande Elderly Care Valley across China. It is expected that the Evergrande RIEI International Elderly Care Center (恒大禮愛國際頤養中心) in Xi'an will be completed and delivered in July 2021, creating the first elderly care benchmarking project, and taking the Evergrande RIEI International Elderly Care Center in Xi'an as a pilot center to promote institutional elderly care services across China. 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***

With the expansion of coverage of Evergrande Elderly Care Valley across China, the Company will further accelerate the optimization and implementation of the tiered diagnosis and treatment system of "Evergrande Medical Association", integrate domestic and overseas quality medical resources, and provide members with quality and high value-added medical services, aiming to create a demonstrative brand in the Chinese private medical industry.

In 2021, taking "strengthening the foundation, building the brand and promoting development" as its overall objective, Boao Evergrande International Hospital will leverage the benefits of the Hainan Free Trade Port and "The National Nine Opinions (國九條)" to comprehensively deepen its cooperation with Brigham and Women's Hospital and facilitate its development with projects. Through the "1+X" department co-construction model, it will enhance the development of major tumor disciplines and expand diagnosis and treatment services for various tumors. By utilizing Evergrande's international pharmaceutical supply chain, it will introduce foreign advanced licensed drugs and medical equipment, and actively create more licensed surgery and chemotherapy projects that are the first in China to significantly enhance its business volume and influence.

The Group will actively prepare for the endoscopic sleeve gastroplasty and intragastric balloon implant projects, establish China's leading specialized disease center, i.e. the weight loss and metabolism endoscope diagnosis and treatment center, and conduct global multi-center phase III clinical research and real-world clinical research to successfully keep up with international advanced levels in the three aspects of medical technology, equipment and drugs and practically implement the concessionary policies.

The Group will continue to refine the multi-level hierarchical medical system by uniting the Henghe medical platform, high-quality 3A hospitals and community hospitals across China with the support from Evergrande International Hospital, and realize the offering of one-stop services such as online medical service, two-way referral service and green channels.

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 Boao Evergrande International Hospital and other medical institutions inside the pilot zone in respect of import agency, licensed drug operation, bonded warehousing and logistics and other aspects.

## OTHER ANALYSIS

### Capital Institutions, Liquidity and Financial Resources

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

As at 31 December 2020, the Group had borrowings and lease liabilities (collectively "**total borrowings**") amounting to RMB73,010 million (As at 31 December 2019: RMB62,824 million).

As at 31 December 2020, the Group's gearing ratio was 48.65% (As at 31 December 2019: 67.26%). Gearing ratio was calculated as total borrowings divided by total assets.

### Placing of Shares under General Mandate and the Use of Proceeds

In September 2020, the Company completed the top-up placing of 176,580,000 new shares and raised net proceeds of approximately HK$3.98 billion. As of December 31, 2020, the Company has fully utilized such proceeds for the research and development of technologies and base construction for Evergrande Auto. For further details of the aforesaid top-up placing by the Company, please refer to the announcement of the Company dated 15 September 2020.

### Employee and Share Option Scheme

As at 31 December 2020, the Group had a total of 8,796 employees, and the staff with bachelors' degree or above accounted for approximately 89%. It incurred a total staff cost (including Directors' remuneration) of approximately RMB3,118.78 million during the period (2019: RMB1,661.06 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 31 December 2020 and save as disclosed in the announcement of the Company published on 6 November 2020 regarding the grant 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 31 December 2020, (i) 298,820,000 share options granted under the Share Option Scheme had not been exercised; (ii) 3,940,000 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 31 December 2020, the Group had no material contingent liabilities (year ended 31 December 2019: Nil).

## DIVIDEND

The Directors do not recommend the payment of dividend for the Year (year ended 31 December 2019: Nil).

## AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors.

The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and reviewed the Group's annual results and financial statements for the Year.

The figures in this preliminary announcement of the results of the Group have been agreed to the amounts set out in the Group's consolidated financial statements for the Year by the auditor of the Company, PricewaterhouseCoopers. The work of PricewaterhouseCoopers in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance will be expressed on the preliminary results announcement.

### Important Events After the Reporting Period

On 24 January 2021, the Company entered into the subscription agreements with 6 investors pursuant to which the Company agreed to allot and issue to the respective subscriber an aggregate of 952,383,000 subscription shares at HK$27.30 per share, raising total net proceeds of approximately HK$26 billion. The subscription shares represent (i) approximately 10.80% of the issued shares of the Company as at the date of the announcement on 24 January 2021 and (ii) approximately 9.75% of the issued shares of the Company as enlarged by the allotment and issue of the subscription shares. As disclosed in the announcement dated 24 January 2021, the Company intends to utilize the net proceeds received from the aforesaid subscription to further invest in the technology research and development and production of the Company's new energy vehicle business, repay indebtedness and for general corporate purposes.

## 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 of the Listing Rules throughout the Year, 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. Throughout the Year, the Company had not had 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 of the Company. Due to the COVID-19 travel restrictions imposed this year and the need to attend other business matters that had been arranged in advance, Mr. Shi Shouming, who had served as a director of the Company during the Year but resigned from his directorship on 8 January 2021, did not attend the Company's annual general meeting held on 26 June 2020.

### Model Code for Securities Transactions

The Company had 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 Year.

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## 2021 ANNUAL GENERAL MEETING

As at the date of this announcement, the Company has not determined the date on which the Company's 2021 annual general meeting will be held and the relevant book closure arrangement. Further announcement(s) will be made by the Company as and when appropriate in accordance with the Listing Rules.

## PUBLICATION OF THE ANNUAL RESULTS

This annual results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.evergrandehealth.com).

## 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 will be realised 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.

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

Hong Kong, 25 March 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.*