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## CHINA EVERGRANDE NEW ENERGY VEHICLE GROUP LIMITED

中國恒大新能源汽車集團有限公司

(a company incorporated in Hong Kong with limited liability)

(Stock code: 708)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

#### FINANCIAL SUMMARY

	Six months ended 30 June	
	2020	2019
	RMB million	RMB million
Revenue		
Health management revenue	4,457	2,364
New energy vehicle business revenue	<u>53</u>	<u>284</u>
Total revenue	<u>4,510</u>	<u>2,648</u>
Gross profit	<u>1,262</u>	<u>611</u>
Loss for the period	<u>(2,457)</u>	<u>(1,984)</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Six months ended 30 June</b>	
		<b>2020</b>	<b>2019</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue	3	<b>4,510,321</b>	2,648,402
Cost of sales	4	<u><b>(3,247,974)</b></u>	<u>(2,037,365)</u>
<b>Gross profit</b>		<b>1,262,347</b>	611,037
Other (costs)/income		<b>(11,526)</b>	2,149
Other gains/(losses), net		<b>63,895</b>	(245,547)
Selling and marketing expenses	4	<b>(747,613)</b>	(344,375)
Administrative expenses	4	<b>(1,403,819)</b>	(1,254,180)
Net impairment losses on financial assets		<b>7,619</b>	(2,234)
Fair value losses on investment properties		<u><b>(58,340)</b></u>	<u>—</u>
<b>Operating loss</b>		<b>(887,437)</b>	(1,233,150)
Finance income	5	<b>64,061</b>	56,113
Finance costs	5	<u><b>(1,363,251)</b></u>	<u>(721,426)</u>
Finance costs — net		<u><b>(1,299,190)</b></u>	<u>(665,313)</u>
Share of net losses of associates and joint ventures accounted for using the equity method		<b>(32,966)</b>	(5,177)
Fair value losses on financial assets at fair value through profit or loss		<u><b>(26,915)</b></u>	<u>—</u>
<b>Loss before income tax</b>		<b>(2,246,508)</b>	(1,903,640)
Income tax expenses	6	<u><b>(210,402)</b></u>	<u>(80,548)</u>
<b>Loss for the period</b>		<u><b>(2,456,910)</b></u>	<u>(1,984,188)</u>
<b>Other comprehensive loss</b> <i>(Items that may be reclassified to profit or loss)</i>			
Currency translation differences		<u><b>(345,385)</b></u>	<u>(13,461)</u>
<b>Total comprehensive loss for the period</b>		<u><u><b>(2,802,295)</b></u></u>	<u><u>(1,997,649)</u></u>

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Loss attributable to:</b>		
Owners of the Company	(2,273,947)	(1,527,417)
Non-controlling interests	<u>(182,963)</u>	<u>(456,771)</u>
<b>Loss for the period</b>	<b><u>(2,456,910)</u></b>	<b><u>(1,984,188)</u></b>
<b>Total comprehensive loss attributable to:</b>		
Owners of the Company	(2,531,917)	(1,479,782)
Non-controlling interests	<u>(270,378)</u>	<u>(517,867)</u>
<b>Total comprehensive loss for the period</b>	<b><u>(2,802,295)</u></b>	<b><u>(1,997,649)</u></b>
<b>Loss per share for loss attributable to owners of the Company</b>		
<i>(expressed in RMB cents per share)</i>		
— Basic and diluted loss per share	8 <u>(26.319)</u>	<u>(17.678)</u>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at <b>30 June</b> <b>2020</b> (Unaudited) <i>RMB'000</i>	As at 31 December 2019 (Audited) <i>RMB'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		13,154,842	10,422,736
Right-of-use assets		3,592,278	3,301,792
Investment properties		1,006,180	1,064,520
Intangible assets		8,210,857	7,581,130
Goodwill		6,193,274	6,193,274
Trade and other receivables	9	63,563	73,735
Prepayments	10	3,342,231	1,776,031
Investments accounted for using the equity method		1,425,944	1,210,964
Financial assets at fair value through profit or loss		4,768,021	4,718,278
Deferred income tax assets		<u>186,368</u>	<u>71,215</u>
		<u>41,943,558</u>	<u>36,413,675</u>
<b>Current assets</b>			
Trade and other receivables	9	5,255,524	4,593,702
Prepayments	10	7,689,963	7,585,624
Properties under development		46,168,046	29,317,271
Completed properties held for sales		4,471,078	2,679,747
Inventories		404,801	505,526
Contract acquisition costs		180,676	40,014
Restricted cash		7,204,728	2,415,109
Cash and cash equivalents		<u>10,372,252</u>	<u>9,857,780</u>
		<u>81,747,068</u>	<u>56,994,773</u>
<b>Total assets</b>		<u><u>123,690,626</u></u>	<u><u>93,408,448</u></u>
<b>EQUITY</b>			
Share capital		250,936	250,936
Reserves		70,258	(2,237,168)
Accumulated losses		<u>(7,788,151)</u>	<u>(5,514,204)</u>
		<u>(7,466,957)</u>	<u>(7,500,436)</u>
<b>Non-controlling interests</b>		<u>1,769,477</u>	<u>6,204,869</u>
<b>Total deficit</b>		<u><u>(5,697,480)</u></u>	<u><u>(1,295,567)</u></u>

		As at <b>30 June</b> <b>2020</b> (Unaudited) <i>RMB'000</i>	As at 31 December 2019 (Audited) <i>RMB'000</i>
	<i>Note</i>		
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>163,955</b>	223,221
Deferred income		<b>2,439,090</b>	1,551,100
Borrowings		<b>54,963,784</b>	47,214,338
Deferred income tax liabilities		<b>2,507,380</b>	2,591,663
		<b><u>60,074,209</u></b>	<u>51,580,322</u>
<b>Current liabilities</b>			
Lease liabilities		<b>123,483</b>	214,373
Trade and other payables	<i>11</i>	<b>37,339,962</b>	24,282,087
Contract liabilities		<b>11,305,731</b>	2,444,932
Borrowings		<b>19,571,319</b>	15,172,530
Current income tax liabilities		<b>973,402</b>	1,009,771
		<b><u>69,313,897</u></b>	<u>43,123,693</u>
<b>Total liabilities</b>		<b><u>129,388,106</u></b>	<u>94,704,015</u>
<b>Total deficit and liabilities</b>		<b><u>123,690,626</u></b>	<u>93,408,448</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

The name of the Company has been changed from “恒大健康產業集團有限公司 Evergrande Health Industry Group Limited” to “中國恒大新能源汽車集團有限公司 China Evergrande New Energy Vehicle Group Limited”. The Certificate of Change of Name of the Company was issued by the Registrar of Companies in Hong Kong on 20 August 2020.

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’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

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 and declines on orders and transaction volume under the Group’s sales of lithium batteries, bringing about an adverse effect to the Group’s revenue in the first half of 2020. 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.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2020 (“**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 2019 and any public announcements made by the Group during the interim reporting period.

The financial information relating to the year ended 31 December 2019 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2020 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 2019 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 2019, as described in those annual consolidated financial statements.

### (a) Amended standards adopted by the Group

The following amendments to standards are mandatory for the Group’s financial year beginning on 1 January 2020 for the Group:

HKAS 1 and HKAS 8 (Amendments)	Definition of material
HKFRS 3 (Amendments)	Definition of a business
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest rate benchmark reform
Revised Conceptual Framework for Financial Reporting	

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

**(b) New and amended standards not yet adopted**

		<b>Effective for annual periods beginning on or after</b>
HKFRS 16 (Amendments)	Leases — COVID-19 related rent concessions	1 June 2020
HKFRS 3 (Amendments)	Business combinations	1 January 2022
HKAS 16 (Amendments)	Property, plant and equipment	1 January 2022
HKAS 37 (Amendments)	Provisions, contingent liabilities and contingent assets	1 January 2022
Annual improvements to HKFRS 1	First-time adoption of IFRS	1 January 2022
Annual improvements to HKFRS 9	Financial instruments	1 January 2022
HKAS 1 (Amendments)	Presentation of financial statements' on classification of liabilities	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The impact of new standards and amendments to standards above is still under assessment by the Group.

**3 SEGMENT INFORMATION**

The chief operating decision-maker 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 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:

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Health Management:</b>		
Sales of health and living projects (i)	<b>4,446,009</b>	2,354,875
Income from medical cosmetology and health management (ii)	<b>11,311</b>	9,120
	<b><u>4,457,320</u></b>	<b><u>2,363,995</u></b>
<b>New Energy Vehicle:</b>		
Sales of lithium batteries (i)	<b>26,607</b>	253,145
Technical services (ii)	<b>23,411</b>	28,282
Sales of vehicle components (i)	<b>2,983</b>	2,980
	<b><u>53,001</u></b>	<b><u>284,407</u></b>
	<b><u>4,510,321</u></b>	<b><u>2,648,402</u></b>

- (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 included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2020 and 2019 are as follows:

	Six months ended 30 June 2020			
	Health Management <i>RMB'000</i>	New Energy Vehicle <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue and revenue from external customers</b>	<u>4,457,320</u>	<u>53,001</u>	<u>—</u>	<u>4,510,321</u>
Finance costs — net	(15,537)	(1,270,418)	(13,235)	(1,299,190)
Segment results	473,935	(2,680,475)	(39,968)	<u>(2,246,508)</u>
Loss before income tax				(2,246,508)
Income tax expenses				<u>(210,402)</u>
<b>Loss for the period</b>				<u><u>(2,456,910)</u></u>
<b>Other segment item:</b>				
Depreciation and amortisation	<u>51,392</u>	<u>547,896</u>	<u>—</u>	<u>599,288</u>
	Six months ended 30 June 2019			
	Health Management <i>RMB'000</i>	New Energy Vehicle <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue and revenue from external customers</b>	<u>2,363,995</u>	<u>284,407</u>	<u>—</u>	<u>2,648,402</u>
Finance costs — net	(49,300)	(587,566)	(28,447)	(665,313)
Segment results	136,717	(1,963,421)	(76,936)	<u>(1,903,640)</u>
Loss before income tax				(1,903,640)
Income tax expenses				<u>(80,548)</u>
<b>Loss for the period</b>				<u><u>(1,984,188)</u></u>
<b>Other segment item:</b>				
Depreciation and amortisation	<u>66,342</u>	<u>293,548</u>	<u>—</u>	<u>359,890</u>

The segment assets and liabilities as at 30 June 2020 and 31 December 2019 are as follows:

	<b>Health Management</b> <i>RMB'000</i>	<b>New Energy Vehicle</b> <i>RMB'000</i>	<b>Unallocated</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>As at 30 June 2020</b>				
Segment assets	<u>48,266,451</u>	<u>75,237,807</u>	<u>186,368</u>	<u>123,690,626</u>
Segment liabilities	<u>44,864,894</u>	<u>81,042,430</u>	<u>3,480,782</u>	<u>129,388,106</u>
Capital expenditure	<u>379,124</u>	<u>3,908,367</u>	<u>—</u>	<u>4,287,491</u>
<b>As at 31 December 2019</b>				
Segment assets	<u>43,839,728</u>	<u>49,497,505</u>	<u>71,215</u>	<u>93,408,448</u>
Segment liabilities	<u>36,838,144</u>	<u>54,264,437</u>	<u>3,601,434</u>	<u>94,704,015</u>
Capital expenditure	<u>1,670,973</u>	<u>4,402,403</u>	<u>—</u>	<u>6,073,376</u>

#### 4 EXPENSE BY NATURE

##### Six months ended 30 June

2020                      2019

*RMB'000*                      *RMB'000*

Cost of health and living projects	3,059,741	1,658,092
Employee benefit expenses (including directors' emoluments)	614,594	505,997
Employee benefit expenditure (including directors' emoluments)	1,334,837	589,089
Less: capitalised in properties under development, construction in progress and development costs	(720,243)	(83,092)
Advertising and promotion expenses	512,337	180,942
Amortisation of intangible assets	366,884	137,310
Depreciation of property, plant and equipment	163,486	185,635
Tax and other levies	129,582	34,144
Changes in inventories of finished goods and work in progress	97,095	214,110
Professional fees	94,719	103,133
Office expenses	74,438	72,953
Amortisation of right-of-use assets	68,918	36,945
Rental expenses	53,842	9,640
Research and development expenses	47,929	282,726
Raw materials and consumables used	44,520	98,174
Traffic expenses	37,030	24,290
Legal expenses	11,989	48,705
Others	<u>22,302</u>	<u>43,124</u>
<b>Total cost of sales, selling and marketing expenses and administrative expenses</b>	<u>5,399,406</u>	<u>3,635,920</u>

## 5 FINANCE COSTS — NET

### Six months ended 30 June

2020 2019

RMB'000 RMB'000

Finance income		
— Interest income	<u>64,061</u>	<u>56,113</u>
Finance costs		
— Interest expense on borrowings	(3,220,978)	(1,317,780)
— Interest expense on lease liabilities	(20,026)	(12,414)
— Other finance costs	—	(65,668)
— Less: interest capitalised	<u>1,877,753</u>	<u>674,436</u>
Finance costs	<u>(1,363,251)</u>	<u>(721,426)</u>
Finance costs — net	<u>(1,299,190)</u>	<u>(665,313)</u>

## 6 INCOME TAX EXPENSES

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

### Six months ended 30 June

2020 2019

RMB'000 RMB'000

Current income tax:		
— PRC corporate income tax	276,121	91,504
— PRC land appreciation tax	<u>133,717</u>	<u>46,090</u>
	<u>409,838</u>	<u>137,594</u>
Deferred income tax:		
— PRC corporate income tax	<u>(199,436)</u>	<u>(57,046)</u>
	<u>210,402</u>	<u>80,548</u>

### Hong Kong profits tax

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2020 (2019: 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 2020 (2019: 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 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.

## 7 DIVIDENDS

The directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2019: nil).

## 8 LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2020	2019
Weighted average number of ordinary shares for the purpose of basic loss per share (thousands)	<u>8,640,000</u>	<u>8,640,000</u>
Basic and diluted loss per share (RMB cents per share) (a)	<u>(26.319)</u>	<u>(17.678)</u>

(a) As there was no dilutive potential ordinary shares for the six months ended 30 June 2020 and 30 June 2019, diluted loss per share equals basic loss per share.

## 9 TRADE AND OTHER RECEIVABLES

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Trade receivables (a)	<b>1,147,461</b>	774,877
Other receivables (b)	<b><u>4,171,626</u></b>	<u>3,892,560</u>
	<b><u>5,319,087</u></b>	<u>4,667,437</u>
Less: non-current portion of trade receivables and other receivables	<b><u>(63,563)</u></b>	<u>(73,735)</u>
Current portion	<b><u><u>5,255,524</u></u></b>	<u><u>4,593,702</u></u>

### (a) Trade receivables

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
— third parties	<b>1,152,070</b>	776,594
Less: allowance provision for impairment	<b><u>(4,609)</u></b>	<u>(1,717)</u>
Trade receivables — net	<b><u><u>1,147,461</u></u></b>	<u><u>774,877</u></u>
Less: non-current portion	<b><u>(63,563)</u></b>	<u>(73,735)</u>
Current portion	<b><u><u>1,083,898</u></u></b>	<u><u>701,142</u></u>

Trade receivables mainly arose from sale of health and living projects and lithium batteries. Proceeds 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:

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Within 90 days	744,060	494,590
Over 91 days and within 180 days	72,875	163,144
Over 180 days and within 365 days	234,859	37,718
Over 365 days	<u>100,276</u>	<u>81,142</u>
	<u><b>1,152,070</b></u>	<u>776,594</u>

(b) **Other receivables**

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
— third parties	2,692,220	1,686,373
— related parties	88,576	1,266,503
— prepaid other taxes	<u>1,396,422</u>	<u>991,602</u>
	<u><b>4,177,218</b></u>	<u>3,944,478</u>
Less: allowance provision for impairment	<u>(5,592)</u>	<u>(51,918)</u>
Other receivables — net	<u><b>4,171,626</b></u>	<u>3,892,560</u>
	<u><b>5,319,087</b></u>	<u>4,667,437</u>

## 10 PREPAYMENTS

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Prepayments		
— Land use rights	8,202,345	8,062,319
— Intangible assets	1,383,550	—
— Property, plant and equipment	824,396	1,031,293
— Acquisition of non-controlling interest	417,954	153,178
— Others	<u>203,949</u>	<u>114,865</u>
	<u>11,032,194</u>	<u>9,361,655</u>
Less: non-current portion:		
— Land use rights	(694,048)	(564,413)
— Intangible assets	(1,383,550)	—
— Property, plant and equipment	(824,396)	(1,031,293)
— Acquisition of non-controlling interest	(417,954)	(153,178)
— Others	<u>(22,283)</u>	<u>(27,147)</u>
	<u>(3,342,231)</u>	<u>(1,776,031)</u>
Current portion	<u>7,689,963</u>	<u>7,585,624</u>

## 11 TRADE AND OTHER PAYABLES

	<b>30 June 2020 RMB'000</b>	31 December 2019 RMB'000
Trade and other payables:		
Trade and bills payables (a)	<u>21,262,004</u>	<u>13,173,528</u>
Other payables to:		
— third parties (b)	6,169,946	4,960,490
— related companies	4,951,506	3,312,231
Staff welfare benefit payable	156,134	200,014
Other taxes payable	887,358	223,997
Interest payable	3,879,740	2,406,681
— third parties	240,003	184,817
— related parties	3,639,737	2,221,864
Provisions	<u>33,274</u>	<u>5,146</u>
	<u>16,077,958</u>	<u>11,108,559</u>
Total trade and other payables	<u>37,339,962</u>	<u>24,282,087</u>



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

	<b>30 June</b>	31 December
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
Within 90 days	<b>5,113,083</b>	3,437,825
Over 91 days and within 180 days	<b>3,399,818</b>	1,372,626
Over 180 days and within 365 days	<u><b>12,749,103</b></u>	<u>8,363,077</u>
	<u><b>21,262,004</b></u>	<u>13,173,528</u>

(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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

The principal business activities of China Evergrande New Energy Vehicle Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) include 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’s entry into the new energy vehicle industry marks an important milestone to actively implement the strategy of building up a strong technological nation, as well as to protect the environment and benefit the mass public.

Dedicated to the global R&D and promotion of new energy vehicles, the Group adheres to its development direction of “achieving world-leading core technology and world-class product quality while sustaining significant cost reduction”, and possesses top-tier technology R&D teams and innovation capabilities.

Currently, the Group has established a full industry chain for new energy vehicles covering vehicle manufacturing, electric motor control, power batteries, vehicle sales, smart charging, shared mobility and other aspects. Possessing the world’s top core technology in all key aspects, the Group established Evergrande New Energy Automotive R&D Institute Global Headquarters, at which a globally integrated R&D model is implemented to carry out collaborative R&D in China, Sweden, Germany, the United Kingdom, the Netherlands, Austria, Italy, Japan, South Korea and other countries. The Group also owns several high-tier manufacturing bases in Sweden, Shanghai, Guangzhou and Shenyang in China and other regions to create a full range of world-class quality products. The Group strives to become the largest and most powerful new energy automobile group in the world in 3-5 years.

During the six months ended 30 June 2020 (the “**reporting period**”), the Group’s new energy vehicle business has achieved breakthrough progress. On 3 March 2020, Gemera, the top-tier new energy super sport car, which was jointly developed by the Group and Koenigsegg, showcased its world premiere.

On 3 August 2020, the first six models under the Hengchi (恒馳) brand were revealed worldwide with the official debut of Hengchi 1, Hengchi 2, Hengchi 3, Hengchi 4, Hengchi 5 and Hengchi 6. Such models cover all classifications from segments A to D, as well as a full range of vehicle types, including sedan, SUV and MPV and a full product line coverage was thereby achieved.

On 7 August 2020, the Shanghai production base and the Guangdong production base were officially unveiled. At present, the two major bases have been constructed in accordance with Industry 4.0 Standard, and have been equipped with 2,545 intelligent robots. The entire manufacturing line has entered the equipment installation and commissioning stages.

The Group will endeavour to progress with the mass production of the six first-phase 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 expects to introduce additional vehicle types 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 for all-round healthy life for all-age population, and established a multi-level hierarchical medical, high-precision health management, all-age health care and diversified elderly care system, thereby 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 medical care, health management and elderly care, and created a membership platform to provide, among others, medical, health management, healthcare and elderly care services. It developed and formulated an all-rounded and all-age healthcare service standard, and created the innovative Evergrande Elderly Care Valley. During the reporting period, 28 Evergrande Elderly Care Valleys were established across China. The Group also continued to deepen its exchanges and cooperation with foreign and domestic healthcare resources including Brigham and Women’s Hospital (one of the main teaching hospitals of Harvard Medical School) in the United States, which comprehensively enhanced the healthcare service standards at Boao Evergrande International Hospital, the only affiliated hospital of Brigham and Women’s Hospital in China. The Group also improved the Evergrande Medical Linkage Service System, which integrates 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.

## **Business Review**

### ***New Energy Vehicle Segment***

#### ***Business Review for Automobile Manufacturing***

In the first half of the year, 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 and the automobile markets were also distressed to a certain extent.

The data from the China Association of Automobile Manufacturers indicated that, in the first half of 2020, production and sales volumes of vehicles in China amounted to 10.112 million and 10.257 million, respectively, representing a year-on-year decrease of 16.8% and 16.9%, respectively. In particular, the production and sales volumes of new energy vehicles were 397,000 and 393,000, respectively, representing a year-on-year decline of 36.5% and 37.4%, respectively.

However, the overall development trend of the new energy vehicle industry remains unchanged. With the emerging wave of four new transformative directions for vehicles, namely electrification, intelligence transformation, networking advancement and sharing of vehicles, the century-old global automobile industry is on the verge of major changes. Many countries have started to turn to vehicle electrification one after another, which once again validates China's forward-looking vision of the national directive on new energy vehicle development.

At present, among others, the consumption, usage, and infrastructure construction of new energy vehicles benefit from strong fiscal and tax policy support in China, while safety and technical requirements of electric cars and power battery products have been further improved and optimized at the same time, thus ensuring the sustainable development of the industry. For example, the Notice on Improving the Financial Subsidy Policies for the Promotion and Application of New Energy Vehicles (《關於完善新能源汽車推廣應用財政補貼政策的通知》) issued on 23 April 2020 has stated that subsidies can only be granted to new energy passenger vehicles with a selling price of RMB300,000 (inclusive) or below, and that the financial subsidy policy for the promotion and application of new energy vehicles will be extended to the end of 2022.

The Group will seize development opportunities arising from changes in the industry, strengthen its technological R&D and innovation, improve its product range, and consolidate its competitive edge to promote and strengthen the development of its new energy vehicle business.

During the reporting period, through a series of global investments and strategic cooperation, the Group has consolidated top-class resources across the world and completed its roadmap to establish a full industry chain, allowing it to stay ahead of the curve.

In the products aspects, the cooperation between the Group and its strategic partners has achieved encouraging results:

On 3 March 2020, Gemera, the top-tier new energy super sport car, which is jointly developed by the Group and Koenigsegg, showcased its world premiere.

On 3 August 2020, the first six models under the Hengchi brand were revealed at the same time. Their outstanding body designs have received overall positive responses from the market.

Hengchi 1, a pure electric ultra-luxury sedan in the D-segment; Hengchi 2, a pure electric sports luxury sedan in the B-segment; Hengchi 3, a pure electric large luxury SUV in the C-segment; Hengchi 4, a pure electric large luxury MPV with seven seats; Hengchi 5, a pure electric SUV in the A-segment; and Hengchi 6, a pure electric cross-over SUV in the A-segment, were all designed by the efforts of world-famous automotive designers such as Anders Warming and Michael Robinson.

In terms of manufacturing, the Group has made breakthrough progress in the production bases constructed in accordance with Industry 4.0 Standard.

On 7 August 2020, the Group's Shanghai and Guangdong production bases were unveiled for the first time. At present, the two major bases have entered the equipment installation and commissioning stage, utilizing the most advanced equipment and techniques in the world to realize the most advanced intelligent manufacturing process in the world.

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

The 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 for the first time in the industry, helping to establish advanced high-end smart “dark factories”.

The paint workshops have introduced advanced 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, in which a virtual matching system is employed for the first time in the world. With this, the vehicle assembly lines can achieve the highest automation rate in the world.

### *Business Review for Power Battery*

During the reporting period, the Group has further expanded its R&D team, focused on the R&D of the next generation power battery technology, and made breakthroughs in key technologies. Meanwhile, the Group has also set up a number of production bases in Jiangsu and Liaoning in accordance with Industry 4.0 Standard. Capitalizing on the latest information technologies such as artificial intelligence, the “internet of things” and “big data”, the Group seeks to construct factories that serve as the industry benchmark, striving to meet the ever-growing market demand by expanding its production scale.

### *Health Management Segment*

#### *Business Review for Evergrande Elderly Care Valley*

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

Evergrande Elderly Care Valley has created a new, high-quality and diversified way of healthy living. The Company advocates the innovative concept of integrating medical insurance with preventative, medical and health care services, and established a membership platform. Through integrating world-class medical, elderly care and wellness living, 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 started a new chapter in all-rounded health care and wellness regimes for all-age population. The Company advocates the concept of healthy living and implementation of a healthy lifestyle. Supported by the four major gardens of Evergrande Elderly Care Valley that emphasize traditional Chinese medicine foundation and Chinese wellness culture as the core, Evergrande Elderly Care Valley has integrated nutrition diet, scientific exercise, traditional culture, folk art, social activities and well-living travel, 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 2020, health preserving exhibition and experience centers were opened to the public in 13 regions, namely Hohhot, Zibo, Zhengzhou, Yuntaishan in Jiaozuo, Xianning, Xiangtan, Yueyang, Wuzhou, Jialize in Kunming, Chongqing, Nanjing, Jinhua and Jinzhai. The four major gardens in 7 projects in Shenfu New District, Xiangtan, Nanjing, Yuntaishan in Jiaozuo, Xianning, Jinhua and Zibo have been put into trial operation, while the Xi'an medical and nursing complex and the sojourn apartment project in Jialize, Kunming have officially commenced operation.

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 the multi-level hierarchical medical system adopted in Henghe Secondary Rehabilitation Hospital, general practice clinics 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 sub-health management, chronic disease conditioning and rehabilitation physiotherapy. By combining the Group's projects across the country, the Company has established an unique "health + tourism" model, thereby achieving high precision health management.

Evergrande Elderly Care Valley created a new comprehensive multi-level health care mode for the elderly. With 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 an active elderly apartment, an energetic elder care institution and a home care service center for the elderly as the main products, the Group has formed 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 Nursing Home (西安恒大养老院).

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

As at 30 June 2020, the Group has established 28 Evergrande Elderly Care Valley in cities including Sanya, Ocean Flower Island, Xi'an, Zhengzhou, Zhenjiang, Xiangtan, Nanjing, Yuntaishan, Chongqing, Shenyang, Wuzhou, Hohhot, Cangzhou, Xianning, Liu'an, Jinhua, Kunming, Zibo, Tangshan, Yueyang, Lianyungang, Urumqi, Suihua, Chuzhou, Chongzuo and Huanggang.

### *Business Review for Medical Service Business*

Invested by the Group and under the collaborative guidance of Brigham and Women's Hospital in the United States (one of the main teaching hospitals of Harvard Medical School), Boao Evergrande International Hospital (the only affiliated hospital of Brigham and Women's Hospital in China), gathered outstanding domestic and overseas medical experts and consolidated resources such as technology, equipment and the latest medicament. The hospital operated steadily under the Brigham Model, and provided international advanced tumor diagnostics and treatment services. Under the guidance of Brigham, comprehensive medical operations have been launched, and treatments on different diseases such as breast cancer, lung cancer, lymphoma, liver cancer and prostate cancer have been successfully commenced, which significantly raised the hospital's brand influence. Taking advantage of the pilot zone and through the Boao Public Bonded Drug Warehouse (博鰲公共保稅藥倉), new anti-tumor drugs that have been approved internationally but not yet marketed in China were introduced and personalized treatment plans for patients were developed. 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 which Boao Evergrande International Hospital, as an international hospital, should bear.

Sanya Evergrande Obstetrics and Gynecology Hospital is committed to building a class three modern hospital for women and children that integrates medical treatment, preventive care and rehabilitation, the construction of which is currently actively underway.

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 and medical devices from renowned international pharmaceutical companies such as Roche, Astellas, Pfizer and Roche Diagnostics, realizing the use of internationally cutting-edge innovative licensed drugs and medical devices by citizens without going abroad.

### *Corporate Milestones in the First Half of 2020*

1. On 14 February 2020, Boao Evergrande International Hospital under the Group sent 4 elite medical staff to join Hainan's fourth batch of hundred-strong medical team in aid of the Hubei frontline against the COVID-19 pandemic.



2. On 3 March 2020, Gemera, the top-class new energy supercar jointly developed by the Group and Koenigsegg, had showcased its world premier.
3. On 23 April 2020, Boao Evergrande International Hospital hosted the completion ceremony of Real World Data Center and the opening ceremony of the demonstration laboratory jointly established with Roche Diagnostics.
4. On 10 June 2020, the Group entered into a sale and purchase agreement to acquire the remaining 17.6% interests in National Electric Vehicle Sweden AB (“NEVS”). Upon completion of the aforesaid acquisition, NEVS became a wholly-owned subsidiary of the Group.
5. On 28 June 2020, Boao Evergrande International Hospital hosted the Boao Lecheng Press Conference on Lung Cancer Free Screening and International Symposium on Early Screening and Diagnosis of Lung Cancer (博鰲樂城肺癌免費篩查新聞發布會暨國際肺癌早篩早診研討會), which is in relation to the improvement of the early detection rate of lung cancer and guarding people’s health.
6. Sale of membership commenced for Evergrande Elderly Care Valleys in Jinhua, Yueyang, Xianning and Chongqing, and recorded explosive growth, highlighting the advantages of the membership system and creating a boom in the health conscious trend.

## **OUTLOOK**

### ***New Energy Vehicle Segment***

#### *Outlook for Automobile Manufacturing Business*

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. According to China Association of Automobile Manufacturers, in April, May and June 2020, the sales volume of vehicles in China reached 2.07 million, 2.194 million and 2.3 million, respectively. Sales volume of new energy vehicles for the same period reached 72,000, 82,000 and 104,000, respectively. This demonstrates that the market is in a state of restorative growth, and we remain confident in the development of the new energy vehicle industry.

At present, the Group’s new energy vehicle business is progressing steadily on track with its planned goals. The production bases in Shanghai and Guangzhou are expected to be eligible for trial production by September 2020. Each of such production bases has a planned production capacity of 200,000 vehicles for the first phase, which can ensure mass production of all series of products under the Hengchi brand.



The Group is also rapidly preparing to build Hengchi vehicles display experience centers, sales centers and after-sales maintenance and repair service centers, including 36 Hengchi display 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 network of after-sales service outlets.

The Group intends to spare no effort to promote the mass production of the first six models under the Hengchi brand. Hengchi products are planned for trial production in the first half of next year and the Group will strive for the mass production thereof in the second half of next year. In the future, we endeavour to continue to strengthen product R&D and improve product structure to address the diverse needs of consumers, and comprehensively cover the new energy vehicle market.

#### *Outlook for Power Battery Business*

The Group will focus on accelerating the global layout of the new energy industry and continue working towards setting up several super factories with annual production capacities of 30GWh within 10 years, so as to establish a complete industrial ecological chain covering battery materials, power lithium battery, solid state battery, hydrogen fuel cell, energy storage battery, wireless charging, power battery cascade recycling and utilization and other business segments.

#### *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 gardens”, “five major creations” and “four major services”, the Group provides members with full-cycle, high-quality and multi-dimensional health care services.

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

In respect of wellness-living, the Company will put into operation at least 18 major gardens of Evergrande Elderly Care Valley, 6 mega health preserving complex (Xi'an, Zhengzhou, Zhenjiang, Jialize in Kunming, Shenfu New District and Wuzhou) and 3 sojourn apartments for the community in the second half of 2020, and establish exhibition and experience centers in multiple locations across China, facilitating the full implementation of the distinctive healthcare system of 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 internationally leading management, diagnosis and treatment service model of chronic diseases and comprehensively enhance the operational capacity of Evergrande Elderly Care Valley. With the establishment of Evergrande Elderly Care Valley spanning across China, the Group is speeding up the optimization and implementation of high-precision health management services, building a leading brand specializing in the provision of domestic professional health management services.

For elderly care, the Group will further accelerate the nationwide distribution of its characteristic elderly care services system with the foundation of Evergrande Elderly Care Valley across China. In cooperation with Japan RIEI Co., Ltd, it is expected that Xi'an Evergrande Nursing Home (西安恒大养老院) will be completed and delivered by the end of 2020, creating the first retirement benchmarking project, and takes Xi'an Evergrande Nursing Home as a pilot center to promote institutional elderly care services across China; with Evergrande community across China, the Group will further advance the pilot implementation of home care and community care services for the elderly, facilitating the full implementation of the distinctive system of healthcare and elderly care services of the Group.

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 2020, Boao Evergrande International Hospital will continue to commence diagnosis and treatment services for various tumors, expand high-end hospital physical examination business, introduce more licensed drugs and medical devices that have been launched abroad but not domestically, and invest in immune cell therapy to treat patients with advanced cancer by taking advantage of the pilot zone policies. The yttrium-90 nuclide treatment project will commence for the treatment of advanced liver cancer. The Group will actively prepare for the endoscopic sleeve gastropasty and intragastric balloon implant projects, and establish China's leading specialized disease center — weight loss and metabolism endoscope diagnosis and treatment center (first in China). In addition, furthering its communication and cooperation with Brigham and Women's Hospital, the Group will continue to adopt the multidisciplinary diagnosis and treatment (MDT) model to provide tumor diagnosis and treatment services and international teleconsultation projects. The Group will commence its vaccine project by carrying out in-depth cooperation with international manufacturers in terms of vaccine; build first-class international and domestic "clinical research centers", "phase I clinical trial ward" and "real-world clinical data research center"; commence clinical research and realize the implementation of 3-5 clinical research projects in 2020, thus improving the hospital's overall treatment level and enhancing its influence.

The main building of Sanya Evergrande Women's and Children's Hospital, aiming to create the "Best Childbirth Location for All Seasons" and the "Most Beautiful Bay Resort Assisted Women's and Children's Hospital", is expected to be delivered and commence operation by 30 June 2021.

The Group aims to continuously 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 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 medical companies and medical institutions, and introduce more quality resources. Leveraging the advantages of the relevant policies in the pilot zone and the convenience of Boao Public Bonded Drug Warehouse, the Group will provide comprehensive and three-dimensional licensed medical equipment supporting services for Boao Evergrande International Hospital and other medical institutions in the pilot zone from warehouse logistics, agency marketing and other aspects.

Meanwhile, the Group will introduce more high-quality medical and health products and build an all-in-one supply chain platform integrating drug and medical equipment, health products, wellness living and elderly care, with Evergrande Elderly Care Valley across China being the starting point.

In 2020, the COVID-19 pandemic has had short-term impact on the Chinese economy. With the effective management and monitoring of the Chinese government, preliminary control of the pandemic has been achieved. The healthcare industry, being an industry closely connected to the COVID-19 outbreak, has been a strategic focus under the key development of China. The government is expected to introduce more relaxed industry policies with the significant growth in market demand for this industry. As such, the Group will take a more proactive attitude to providing and improving its healthcare products and services and leverage on the crisis of the COVID-19 outbreak as a growth opportunity for the Group and to safeguard healthy living of the public.

## **Financial Review**

During the reporting period, the Group's turnover amounted to RMB4,510.32 million, representing an increase of 70.30% as compared to RMB2,648.40 million in the corresponding period of 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 reporting period was mainly due to the increase in revenue from Evergrande Elderly Care Valley by 88.80% to RMB4,446.01 million from RMB2,354.88 million in the corresponding period of 2019. During the reporting period, revenue from medical cosmetology and outpatient services increased by 24.01% to RMB11.31 million from RMB9.12 million in the corresponding period of 2019. During the reporting period, revenue from New Energy Vehicle Segment decreased by 81.36% to RMB53.00 million from RMB284.41 million in the corresponding period of 2019. The decrease in revenue of the New Energy Vehicle Segment during the reporting period was mainly due to the decrease in revenue from sales of lithium batteries.

The gross profit of the Group during the reporting period was RMB1,262.35 million, representing an increase of 106.59% from RMB611.04 million in the corresponding period of 2019. Gross profit margin increased from 23.07% for 2019 to 27.99% during the reporting period, 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. During the reporting period, the profit margin corresponding to the income from the health and living projects increased due to the different locations of the projects.

The Group turned other losses of RMB245.55 million in the corresponding period in 2019 to other gains of RMB63.90 million during the reporting period. The Group's other losses for the first half of 2019 recorded a loss of RMB245.55 million due to exchange rate changes. Other gains for the reporting period were mainly gains from government grants.

Selling and marketing expenses increased by 117.09% to RMB747.61 million during the reporting period from RMB344.38 million in the corresponding period of 2019, mainly due to the increase in marketing expenses for the Evergrande Elderly Care Valley as a result of the increase in the number of additional marketed projects for the Evergrande Elderly Care Valley.

Administrative expenses increased by 11.93% to RMB1,403.82 million during the reporting period from RMB1,254.18 million for the corresponding period in 2019. As the scale of the Company expanded, there was an increase in the salary of management personnel and administrative expenses.

Finance costs, net, increased by 95.28% from RMB665.31 million for the corresponding period in 2019 to RMB1,299.19 million during the reporting period. It was mainly due to the increase in interest expenses, arising from the increase in borrowings from shareholder.

Income tax expenses increased by 161.20% to RMB210.40 million during the reporting period from RMB80.55 million in the corresponding period in 2019, mainly due to the increase in profit of the Evergrande Elderly Care Valley business.

The Company recorded loss of RMB2,456.91 million during the reporting period, representing an increase of 23.82% from the loss of RMB1,984.19 million in the interim period of 2019, mainly due to the significant increase in administrative expenses and interest expenses as a result of the expanded business scale of the New Energy Vehicle Segment.

Loss attributable to shareholders of the Company increased to a loss of RMB2,273.95 million during the reporting period from RMB1,527.42 million in the corresponding period of 2019.

## **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 2020, the Group had borrowings and lease liabilities (collectively “**total borrowings**”) amounting to RMB74,823 million (as at 31 December 2019: RMB62,824 million).

As at 30 June 2020, the Group's gearing ratio was 60.49% (as at 31 December 2019: 67.26%). Gearing ratio was calculated as total borrowings divided by total assets.

### ***Employee and Share Option Scheme***

As at 30 June 2020, the Group had a total of 5,749 employees, and staff with a bachelors' degree or above accounted for approximately 81.02%. It incurred a total staff cost (including Directors' remuneration) of approximately RMB1,334.84 million during the reporting period (the first half of 2019: RMB589.09 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. No option was granted by the Company under such Share Option Scheme since its adoption and up to 30 June 2020.

### ***Contingent Liabilities***

As at 30 June 2020, the Group had no material contingent liabilities (as at 30 June 2019: nil).

## EVENTS AFTER THE END OF THE REPORTING PERIOD

To cope with the Group's business development, the Company passed a special resolution in a general meeting held on 20 August 2020 in respect of the change of the name of the Company to “中國恒大新能源汽車集團有限公司 China Evergrande New Energy Vehicle Group Limited”. Save as disclosed above, up to the date of this announcement, no significant events occurred after the reporting period.

## INTERIM DIVIDEND

The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

## Interim Results Review

The condensed consolidated financial information of the Group has been reviewed by the audit committee of the Company (the “**Audit Committee**”), which comprises the three Independent Non-executive Directors of the Company.

The condensed consolidated financial information of the Group for the six months ended 30 June 2020 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## 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. Shi Shouming, chairman of the Board and chairman of the Nomination Committee, failed to attend the annual general meeting of the Company held on 20 June 2020 (the “**2020 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 2020 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](http://www.hkexnews.hk) and the Company's website at [www.health.evergrande.com](http://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.

## **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**  
**Shi Shouming**  
*Chairman*

Hong Kong, 27 August 2020

*As at the date of this announcement, the executive Directors of the Company are Mr. SHI Shouming, 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.*