恒大健康产业集团
EVERGRANDE HEALTH INDUSTRY GROUP

Evergrande Health Industry Group Limited

(Incorporated in Hong Kong with limited liability)
(Stock code : 00708)

2019 Interim Report


恒大汽车

Contents

Board of Directors and Committees

EXECUTIVE DIRECTORS

Mr. Shi Shouming *(Chairman)*
Mr. Peng Jianjun *(Vice Chairman)*
Mr. Qin Liyong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chau Shing Yim, David
Mr. Guo Jianwen
Mr. Xie Wu

AUDIT COMMITTEE

Mr. Chau Shing Yim, David *(Chairman)*
Mr. Guo Jianwen
Mr. Xie Wu

REMUNERATION COMMITTEE

Mr. Chau Shing Yim, David *(Chairman)*
Mr. Shi Shouming
Mr. Guo Jianwen

NOMINATION COMMITTEE

Mr. Shi Shouming *(Chairman)*
Mr. Chau Shing Yim, David
Mr. Guo Jianwen

CORPORATE GOVERNANCE COMMITTEE

Mr. Chau Shing Yim, David *(Chairman)*
Mr. Shi Shouming
Mr. Guo Jianwen

AUTHORISED REPRESENTATIVES

Mr. Shi Shouming
Mr. Fong Kar Chun, Jimmy

Corporate and Shareholder Information

HEAD OFFICE

28th Floor, Evergrande International Center
No. 78 Huangpu Avenue West
Guangzhou
Guangdong Province
The PRC
Postal code: 510620

REGISTERED OFFICE AND PLACE OF BUSINESS IN HONG KONG

23rd Floor, China Evergrande Centre,
38 Gloucester Road, Wanchai, Hong Kong

WEBSITE

www.evergrandehealth.com

COMPANY SECRETARY

Mr. Fong Kar Chun, Jimmy

AUDITOR

PricewaterhouseCoopers

SHAREHOLDER INFORMATION

Listing Information

The shares of the Company are listed on
The Stock Exchange of Hong Kong Limited
("Hong Kong Stock Exchange")

STOCK CODE

Hong Kong Stock Exchange: 0708.HK

SHARE REGISTRAR

Tricor Secretaries Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

INVESTOR RELATIONSHIP

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FINANCIAL CALENDAR

Announcement of interim results: 23 August 2019

Directors' Report

OVERVIEW

The principal business activities of Evergrande Health Industry Group Limited (the "Company") and its subsidiaries (the "Group") include "Internet+" community health management, international hospitals, elderly care and rehabilitation (collectively, the "Health Management Segment"), as well as the investment in high technology new energy vehicle manufacture (collectively, the "New Energy Vehicle Segment").

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-aged populations, and established a multi-level hierarchical medical, all-aged health care, high-precision health management and diversified elderly care system, thereby enhancing the healthy living standards for the general public.

During the six months ended 30 June 2019 (the "Period"), the Group continued to uphold the innovative services concept of integrating medical insurance with health management, medical care and elderly care. It provided, among others, medical, healthcare, health management and elderly care services through a membership platform. It developed and formulated an all-rounded and all-aged healthcare service standard, and proceeded with the innovative development of Evergrande Elderly Care Valley. During the Period, Evergrande Elderly Care Valley took root in 15 livable cities across China. The Group also continued its in-depth exchanges and cooperation with foreign and domestic healthcare resources including 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 its multi-level hierarchical medical system, which integrated resources from well-known 3A hospitals across different areas, with Evergrande International Hospital on the top and Evergrande Rehabilitation Hospital as well as the community medical system at the end.

New Energy Vehicle Segment

The automotive industry, at present, is under the window period of industrial transformation, providing unprecedented opportunities for new entrants. Through a series of measures of "New Four Modernizations" on the automotive industry, namely motorization, networking, intelligent modernization and sharing, the PRC government has shown that the automotive industry has entered the key strategic opportunity period which enables China to become a powerful automotive country through the golden opportunities arising from industrial transformation. Such policies have already been elevated to the level of "national strategies". Driven by policies and market conditions, the new energy vehicle market has grown rapidly, and the market potential is huge. In 2018, the sales volume of vehicles in China reached 28.08 million, accounting for approximately 31% of the global sales. The global sales volume of new energy vehicles exceeded 2.00 million, of which the sales volume in China accounted for more than 53% of the global ones and reached 1.256 million, representing an annual growth of 61.7%.

BUSINESS REVIEW

Health Management Segment

Business Review for Evergrande Elderly Care Valley

In response to the rapid growth of the aging population and the demand for higher 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 innovatively developed Evergrande Elderly Care Valley.

Evergrande Elderly Care Valley creates a new high-quality comprehensive healthy living and care mode. Evergrande Health has initiated the innovative concept of integrating medical insurance with preventative, medical and health care services as a one-stop shop and built a membership platform. Through integrating the world-class elderly care and wellness living, medical 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 starts a new chapter in all-rounded health care regime for all-aged populations. Embracing people of all age groups, Evergrande Elderly Care Valley pioneers four major gardens, namely, YiYang (Keep fit), ChangLe (Cheerfulness), KangYi (Health) and Qinzi (Parent-child), which provide equipment, facilities and all-rounded all-aged healthcare services such as tourism, learning, meditation, music, cheer, diet, beauty, living, healthcare and nursing, and creates a new healthy life of "one family with three generations, living in two apartments". As of 30 June 2019, health preserving exhibition and experience centers were up and running in, among others, Xi'an, Zhengzhou, Yangzhong, Xiangtan and Nanjing, while active preparation was being made for the construction of these centers in five cities such as Shenfu, Wuzhou, Hohhot, Cangzhou and Xianning.

Evergrande Elderly Care Valley creates a new high-precision and multi-dimensional health management mechanism. Evergrande International Hospital seeks to keep pace with international standards and the world's cutting-edge technology, such as those adopted in Brigham and Women's Hospital to establish a lifetime health tracking management system for all members to carry out genetic test, risk assessment, preventive intervention, hierarchical diagnosis and treatment, intelligent monitoring, dietary therapy and other multi-dimensional scientific life management.

Evergrande Elderly Care Valley creates a new comprehensive multi-level health care mode for the elderly. Evergrande Elderly Care Valley consolidates international cutting-edge elderly care and wellness living model, providing the seniors with a diversified geriatric care service model including a "Trinity" of home care, community care and institutional care. We have also cooperated with a well-known elderly care service operator in Japan, to jointly operate the first nursing home of the Company, namely Xi'an Evergrande Nursing Home (西安恒大養老院). The preparation work for the operation of the center is now in full swing.

Evergrande Elderly Care Valley creates a new whole life cycle high-availability health insurance system. Integrating domestic and overseas high-quality insurance resources, Evergrande Elderly Care Valley has established a high-level insurance system for all-aged groups, customizing exclusive insurance for the aged under 100 years old, thus realizing green service channel with hundreds of excellent top 3A hospitals in China.

As of 30 June 2019, Evergrande Health established Evergrande Elderly Care Valley in 15 livable cities such as Sanya, Ocean Flower Island, Xi'an, Zhengzhou, Zhenjiang, Xiangtan, Nanjing, Yuntaishan, Chongqing, Shenyang, Wuzhou, Hohhot, Cangzhou, Xianning and Liu'an.

Business Review for Medical Service Business

As regards hospitals, the Group cooperated top-tier tier medical institutions around the world to establish a high-end medical care system, and developed a multi-level hierarchical medical system, with high-end international hospitals at the top, domestic high-quality 3A hospitals and Henghe medical platform as the backbone, and community hospitals as the basis.

Invested by the Group and under the collaborative guidance of Brigham and Women's Hospital in the United States, Boao Evergrande International Hospital — the only affiliated hospital of Brigham and Women's Hospital in China, gathered outstanding worldwide medical experts and consolidated resources such as technology, equipment and the latest medicament to establish the complete Brigham system, building an international advanced health care service system. Ever since its commencement of operation, the hospital has upheld its patient-oriented philosophy by developing the multidisciplinary diagnosis and treatment service (MDT), comprehensively upgrading department set up and medical equipment, and launching medical services such as surgery, radiotherapy, chemotherapy and rehabilitation as well as secondary medical services. Taking advantage of the pilot zone and the Boao Public Bonded Drug Warehouse (博鰲公共保稅藥倉), advanced imported drugs were introduced. As of now, the green channel for 3A hospitals has been established, enabling remote consultation and referral procedures to be effected between Evergrande Elderly Care Valley and Boao Evergrande International Hospital, establishing the service standards thereof. Remote consultation has been implemented at Xiangtan Experience Center.

Sanya Evergrande Obstetrics and Gynecology Hospital is a women's hospital specialized in gynecology and assisted reproduction and obstetrics with featured services such as rehabilitation and postpartum care centers. Currently, the construction of the hospital will be completed soon.

In respect of medications, the Group has established strategic cooperation with more than ten internationally renowned pharmaceutical and medical equipment companies such as AstraZeneca in the United Kingdom, Novartis in Switzerland and Gilead in the United States. Supported by Boao Public Bonded Drug Warehouse, international new drugs could be introduced from overseas originator drug manufacturer to Boao Evergrande International Hospital through all-rounded channels. At present, the Group is actively sourcing advanced research, medicine, teaching and corporate resources from both international and domestic markets. The Group is also exploring, optimizing and integrating resources from various industries within Evergrande Group, so as to gradually build up a think tank platform for international cooperation, research and transformation.

New Energy Vehicle Segment

Automobile Manufacturing Business

During the Period, the Group made various investments including investment in 68% equity interest in NEVS (a non-wholly-owned subsidiary of the Company) and 58.07% equity interest in Shanghai CENAT New Energy Company Limited (上海卡耐新能源有限公司) ("CENAT New Energy"), and the formation of a joint venture owned by NEVS as to 65% and owned by Koenigsegg Automotive AB ("Koenigsegg"), a top-tier supercar company, as to 35% in Sweden. On 29 June 2019, the NEVS 93 production line of Evergrande New Energy Automotive Group was also launched.

Power Battery Business

Through its investments in the controlling stake in CENAT New Energy, the Group is able to strengthen its efforts in the research and development field of world-leading power battery technologies. CENAT New Energy, being one of the leading enterprises in the industry focusing on ternary pouch type power battery, was co-founded by China Automotive Technology Research Center Co., Ltd.* (中國汽車技術研究中心有限公司), an institution directly under the State-owned Assets Supervision and Administration Commission of the State Council, and ENAX, Inc. in Japan, with technology originating from Kazunori Ozawa, known as the "Father of Lithium Battery", and his research and development team.

At present, CENAT New Energy has four major production bases located in Shanghai, Jiangxi, Guangxi and Jiangsu. After acquiring a controlling stake in CENAT New Energy, the Group will expeditiously expand the production scale of CENAT New Energy to meet the huge market demand.

Power Technology Business

In the first half of 2019, the Group successfully acquired 81.41% equity interest in TeT Drive Technology Co. Ltd. (湖北泰特機電有限公司) ("TeT"). TeT owns the entire shareholding of e-Traction in the Netherlands, and is equipped with internationally advanced in-wheel motor technologies. On 30 May of the same year, NEVS acquired the entire shareholding of Protean Holdings Corp. ("Protean") in the United Kingdom, which further consolidated the Company's control of in-wheel motor technologies. This indicates that the Group has completed yet another significant deployment in the new energy vehicle field, further linking up the entire industry chain.

At present, the Group has invested in the construction of five bases in Guangzhou, Shanghai, Shenyang, Zhengzhou and Guiyang, among which the research and development and production base for new energy vehicles will become a production base for automobiles of Evergrande New Energy Automobile in the future. The research and development and production base for motors will be built into one that can accommodate the production of motors and electronic control systems for automobiles. The Group intends to invest in the construction of three major new energy vehicles bases in Shenyang, including a research and development and production base for automobiles for Evergrande New Energy Automobile in Hunnan District, a research and development and production base for in-wheel motors in Tiexi District, and a super factory for power battery in Tiexi District.

Corporate Milestones in the First Half of 2019

1 The Group successfully expanded its new energy vehicle business through its investments in NEVS, CENAT New Energy, TeT and Protean, and the formation of a joint venture with Koenigsegg. The NEVS 93 production line of Evergrande New Energy Automotive Group was also launched.

2 On 22 March 2019, the Group released its annual results announcement for the financial year ended 31 December 2018. A number of core financial indicators for the Group achieved substantial growth, with membership spending amount increasing by 139% year on year and turnover of the Group increasing by 136% year on year.

3 Nanjing Evergrande Elderly Care Valley and Xiangtan Evergrande Elderly Care Valley memberships were officially launched and well-received by the market, indicating the distinct advantages of the Group's membership system.

4 The Group and Guangzhou University of Traditional Chinese Medicine also entered into a strategic cooperation agreement to expand the Chinese medicine business and further improve the all-aged health care system.

OUTLOOK

Health Management Segment

Outlook for Evergrande Elderly Care Valley

The Group will further integrate world-class resources on medical treatment, elderly care and wellness living, and commercial insurance. Through the membership service platform, the Group aims to provide members with equipment, facilities and all-rounded all-aged healthcare services such as tourism, learning, meditation, music, cheer, diet, beauty, living, healthcare and nursing, so as to cover the entire treatment cycle from pre-pregnancy, infants to centenarians, to create a new way of healthy living of "one family with three generations, living in two departments".

The Group plans to expand its operations into over 50 livable wellness areas in the coming 3 years so as to provide services for members of the Group.

For health care, the Company will gradually open four exhibition and experience centers of the four major gardens of Elderly Care Valley in Xiangtan, Shenfu, Nanjing and Yuntaishan for members in the second half of 2019, facilitating the full implementation of the all-aged health care system.

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 international advanced management, diagnosis and treatment service model of chronic diseases and comprehensively enhance the operational capacity of Elderly Care Valley. With the establishment of Evergrande Elderly Care Valley spanning across China and facilitation of the optimization and implementation of high-precision health management services, the Group builds a leading brand specializing in the provision of domestic professional health management services.

For elderly care, the Group will establish Evergrande Elderly Care Valley across China and integrate domestic and foreign elderly care resources regarding health care and rehabilitation, and set up a diversified elderly care product system including standardized elderly care apartments, day care centers and elderly homes, building a benchmark brand offering diversified elderly care services. At present, the Company takes Xi'an Evergrande Nursing Home (西安恒大養老院) as a pilot center in order to promote institutional elderly care services across China. It also focuses on the Evergrande community in China and advances the pilot implementation of home care and community care services for the elderly.

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

Outlook for Medical Service Business

In the second half of 2019, Boao Evergrande International Hospital will progressively commence the multiple organ chemoradiotherapy services, adopt the multidisciplinary diagnosis and treatment model to provide treatments for cancer diseases, and establish regional pathological diagnosis centers, testing centers, imaging diagnosis centers and clinical research centers; set up Boao Evergrande International Online Hospital to provide patients across China and members of Evergrande Elderly Care Valley with online diagnosis and treatment services; accelerate the preparation of proton heavy ion medical center establishment, which may possibly become the first proton medical center in Southern China upon completion; schedule to introduce the 4th generation "da Vinci" surgical robotic system, which is expected to be put into operation in the second half of 2019; and leverage on the pilot zone to continue to integrate international quality medical resources and build a high standard integrated medical research and transfer platform.

With construction commenced in 2017, Sanya Evergrande Obstetrics and Gynecology Hospital is expected to commence trial operation in the beginning of 2020, aiming to create the "Best Childbirth Location for All Seasons" and the "Most Beautiful Bay Resort Assisted Women's and Children's Hospital".

The Group will continuously perfect 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 one-stop services such as online medical service, two-way referral service and green channel.

In relation to medications, the Group will further rely on Boao Public Bonded Drug Warehouse and its pharmaceutical subsidiaries to strengthen cooperation with domestic and international quality medical resources and enrich its drug and medical equipment product warehouse. Meanwhile, it will introduce more high-quality medical and health products and set up 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 focal point.

New Energy Vehicle Segment

Outlook for Automobile Manufacturing Business

Evergrande New Energy Automobile has completed the layout of the new energy vehicle industry chain. With its world-class core technology and unrivaled product quality, the Group strives to become a major and powerful new energy vehicle group in the world within 3–5 years.

Outlook for Power Battery Business

In the future, the Group will focus on accelerating the global layout of the new energy industry. Centering on the strategic orientation of "leading technology, first-class quality and most cost-efficient", it plans to set up several super factories with annual production capacity of 60GWh within 10 years, so as to master the upstream self-owned mineral resources and 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.

Outlook for Power Technology Business

In addition to investing in and setting up five bases in Guangzhou, Shanghai, Shenyang, Zhengzhou and Guiyang, the Group will also enhance base expansion and complete the base layout. On the basis of the world-leading three-in-one system of centralized motor, the Group will continue to introduce professional talents, strengthen product research and development, application development, scientific planning of process flow and equipment selection, and accelerate the commercialization of in-wheel motors.

FORWARD LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the Group set out in this report 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
Evergrande Health Industry Group Limited
Shi Shouming
Chairman

Hong Kong, 23 August 2019

As at the date of this report, the executive Directors of the Company are Mr. SHI Shouming, Mr. PENG Jianjun 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.

* For identification purpose only

Management Discussion and Analysis

FINANCIAL REVIEW

During the Period, the Group's revenue amounted to RMB2,648.40 million, which increased by 132.02% as compared to the revenue of RMB1,141.46 million for the first half of 2018. The revenue was mainly attributable to the revenue generated in the Health Management Segment.

The significant increase in revenue of the Health Management Segment during the Period was mainly due to the increase in revenue from Evergrande Elderly Care Valley ("Elderly Care Valley") of 106.90% to RMB2,354.88 million from RMB1,138.19 million in the corresponding period of 2018. In the first half of 2019, revenue from medical cosmetology and health management increased by 179.75% to RMB9.12 million from RMB3.26 million in the corresponding period of 2018, mainly attributable to the growth in business volume in this area.

During the Period, the Group's gross profit amounted to RMB611.04 million, representing an increase of 10.96% from RMB550.68 million in the corresponding period of 2018, mainly due to the increase in the business volume of health and living projects and thus the increase in total profit arising from the increase in total income. Gross profit margin decreased to 23.07% during the Period from 48.24% in the corresponding period of 2018, mainly due to the decrease in gross profit margin of the income of new health and living projects of different locations. In addition, there was an increase in the cost of the Health Management Segment, which mainly comprised of the costs of health and living projects, labor costs of hospitals, equipment depreciation and medicine costs.

The Group's other gains amounted to RMB0.54 million in the corresponding period of 2018. The Group's other losses for the first half of 2019 recorded a loss of RMB245.55 million due to exchange rate changes.

Selling and marketing expenses increased by 491.41% to RMB344.38 million during the Period from RMB58.23 million for the corresponding period of 2018 mainly due to the increase in marketing expenses for Evergrande Elderly Care Valley projects and the year-on-year increase in sales commissions.

Administrative expenses increased by 1,272.49% to RMB1,254.18 million during the Period from RMB91.38 million in the corresponding period of 2018. Labor cost, depreciation and amortization, research and development cost of new energy vehicle was incurred during the Period after a series of acquisition. Also, there was an increase in salary of health management business with the expansion of health business scale.

Finance expense — net increased to RMB665.31 million during the Period from RMB6.89 million in the corresponding period of 2018, mainly due to the increase in interest expenses arising from an increase in borrowings.

Income tax expenses decreased by 58.38% to RMB80.55 million during the Period from RMB193.52 million in the corresponding period of 2018, mainly due to the decrease in gross profit margin of Evergrande Elderly Care Valley projects.

Profit attributable to shareholders of the Company dropped to a loss of RMB1,527.42 million during the Period from a profit of RMB199.29 million in the corresponding period of 2018.

FINANCIAL SUMMARY

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Revenue		
Health Management Revenue	2,363,995	1,141,456
New Energy Vehicle Business Revenue	284,407	—
Total revenue	2,648,402	1,141,456
Gross profit	611,037	550,676
Net (loss)/profit	(1,984,188)	200,295

Capital Institutions, Liquidity and Financial Resources

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

As at 30 June 2019, the Group had borrowings amounting to RMB45,486 million (31 December 2018: RMB14,862 million).

As at 30 June 2019, the Group's gearing ratio was 65.14% (31 December 2018: 67.00%). Gearing ratio was calculated as total borrowings over total assets.

EMPLOYEE AND SHARE OPTION SCHEME

As at 30 June 2019, the Group had a total of 8,277 employees, and the staff with bachelors' degree or above accounted for approximately 74.4%. It incurred a total staff cost (including Directors' remuneration) of approximately RMB589.09 million during the period (for the first half of 2018: RMB138.74 million).

CONTINGENT LIABILITIES

As at 30 June 2019, the Company did not have significant contingent liabilities (as at 31 December 2018: Nil).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (for the six months ended 30 June 2018: Nil).

INTERIM RESULTS REVIEW

The condensed consolidated financial information of the Group has been reviewed by the audit committee of the Company, 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 2019 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.

CHANGES IN INFORMATION OF DIRECTORS

Directors

During the Period and up to the date of this report, the directors of the Company are as follows:

Executive Directors
Mr. Shi Shouming *(Chairman)*
Mr. Peng Jianjun *(Vice Chairman)*
Mr. Qin Liyong (appointed on 1 Feb 2019)
Mr. Li Siquan (appointed on 20 July 2018, resigned on 1 Feb 2019)

Independent Non-executive Directors
Mr. Chau Shing Yim, David
Mr. Guo Jianwen
Mr. Xie Wu

INTERESTS AND SHORT POSITIONS OF DIRECTORS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES

As at 30 June 2019, the interest and short position of the Directors of the Company in any shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance Cap. 571 of the Laws of Hong Kong) ("**SFO**")), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 ("**Model Code**") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Hong Kong Listing Rules**"), were as follows:

China Evergrande Group

Name of Director	Nature of interest	Number of shares of the associated corporation held (Note)	Deemed interests in number of shares of the associated corporation (Note)	Total	Approximate percentage of shareholding of the associated corporation (Note)
Mr. Shi Shouming	Beneficial owner	2,200,000	1,800,000	4,000,000	0.03%
Mr. Peng Jianjun	Beneficial owner	1,000,000	2,600,000	3,600,000	0.03%
Mr. Qin Liyong (appointed on 1 February 2019)	Beneficial owner	2,230,000	1,900,000	4,130,000	0.03%
Mr. Li Siquan (resigned on 1 February 2019)	Beneficial owner	—	400,000	400,000	0.00%
Mr. Chau Shing Yim, David	Beneficial owner	800,000	200,000	1,000,000	0.01%

Note: China Evergrande Group, the intermediate holding company of the Company.

HengTen Networks Group Limited

Name of Director	Nature of interest	Number of shares of the associated corporation held (Note)	Deemed interests in number of shares of the associated corporation (Note)	Total	Approximate percentage of shareholding of the associated corporation (Note)
Mr. Qin Liyong (appointed on 1 February 2019)	Beneficial owner	12,000,000	—	12,000,000	0.02%

Note: HengTen Networks Group Limited is a subsidiary of China Evergrande Group, the intermediate holding company of the Company.

Save as disclosed above, as at 30 June 2019, none of the Directors of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations that were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As far as the Directors or executives of the Company are aware, as at 30 June 2019, the following person had interest or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required pursuant to Section 336 of the SFO to be entered in the register to be kept therein or to be notified to the Company and the Hong Kong Stock Exchange:

Name of shareholder	Nature of interest held	Interest in the shares	Approximate percentage of shareholding
China Evergrande Group (Note)	Interest of corporation controlled by the substantial shareholder	6,479,550,000 (Note)	74.99%

Note: Of the 6,479,550,000 shares held, 6,479,500,000 shares were held by Evergrande Health Industry Holdings Limited and 50,000 shares were held by Acelin Global Limited, both are wholly-owned by China Evergrande Group.

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 six months ended 30 June 2019, 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 from 1 February 2019 to 30 June 2019, 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. Since Mr. Li Siquan acted as the Chief Executive Officer of the Company during the period between 1 January 2019 to 31 January 2019, during such period, the Company fully complied with the Code provision.

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 period ended 30 June 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the period ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND REPORTS OF THE COMPANY

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

Interim Condensed Consolidated Balance Sheet

	Note	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	8,235,533	1,534,925
Intangible assets	8	6,958,470	5,199
Land use rights	8	—	590,743
Right-of-use assets	8	1,566,910	—
Goodwill	8	6,193,274	—
Prepayments	10	1,559,560	183,644
Investments accounted for using the equity method	13	1,098,794	—
Financial assets at fair value through profit or loss	14	4,449,271	3,979,937
Deferred income tax assets		37,135	34,472
		30,098,947	6,328,920
Current assets			
Inventories		528,398	34,619
Trade and other receivables	9	4,368,604	507,137
Contract assets		19,251	9,942
Prepayments	10	788,556	1,024,442
Properties under development	11(a)	15,202,613	11,170,539
Completed properties held for sales	11(b)	1,186,202	1,169,672
Restricted cash	12(a)	809,630	367,825
Cash and cash equivalents	12(b)	16,828,869	1,570,014
		39,732,123	15,854,190
Total assets		69,831,070	22,183,110
EQUITY			
Share capital	15	250,936	250,936
Reserves		(1,241,357)	101,536
Accumulated losses		(2,542,357)	(1,014,940)
		(3,532,778)	(662,468)
Non-controlling interests	27	6,292,698	—
Total equity/(deficit)		2,759,920	(662,468)

	Note	As at 30 June 2019 (Unaudited) RMB'000	As at 31 December 2018 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income	17	1,648,140	—
Borrowings	18	38,206,742	11,248,425
Finance leases		—	45,307
Lease liabilities		130,362	—
Deferred income tax liabilities		1,648,509	—
		41,633,753	11,293,732
Current liabilities			
Trade and other payables	16	17,358,650	7,330,851
Contract liabilities	16	173,632	99,284
Provisions		17,472	—
Borrowings	18	7,279,163	3,613,900
Finance leases		—	8,705
Lease liabilities		158,356	—
Current income tax liabilities		450,124	499,106
		25,437,397	11,551,846
Total liabilities		67,071,150	22,845,578
Total equity/(deficit) and liabilities		69,831,070	22,183,110

The above condensed consolidated balance sheet should be read in conjunction with the accompanying note.

SHI SHOUMING
Director

PENG JIANJUN
Director

Interim Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Revenue	6	2,648,402	1,141,456
Cost of sales	19	(2,037,365)	(590,780)
Gross profit		611,037	550,676
Other income		2,149	60
Other (losses)/gains	19	(245,547)	541
Selling and marketing expenses	19	(344,375)	(58,225)
Administrative expenses	19	(1,254,180)	(91,382)
Net impairment losses on financial assets		(2,234)	(973)
Operating (loss)/profit		(1,233,150)	400,697
Finance income	20	56,113	18,954
Finance costs	20	(721,426)	(25,839)
Finance expense — net		(665,313)	(6,885)
Share of net loss of associates and joint ventures accounted for using the equity method	13	(5,177)	—
(Loss)/profit before income tax		(1,903,640)	393,812
Income tax expenses	21	(80,548)	(193,517)
(Loss)/profit for the period		(1,984,188)	200,295
Other comprehensive loss			
(Items that may be reclassified to profit or loss)			
Currency translation differences		(13,461)	(2,080)
Total comprehensive (loss)/income for the period		(1,997,649)	198,215

Interim Condensed Consolidated Statement of Comprehensive Income (Continued)

	Note	Six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
(Loss)/profit attributable to:			
Owners of the Company		**(1,527,417)**	199,292
Non-controlling interests		**(456,771)**	1,003
(Loss)/profit for the period		**(1,984,188)**	200,295
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(1,479,782)**	197,212
Non-controlling interests		**(517,867)**	1,003
Total comprehensive (loss)/income for the period		**(1,997,649)**	198,215
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company			
(expressed in RMB cents per share)			
— Basic and diluted (loss)/earnings per share	23	**(17.678)**	2.307

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying note.

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital RMB'000	Special reserve RMB'000	Capital contribution reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2019	250,936	85,582	796	–	(76,769)	91,927	(1,014,940)	(662,468)	–	(662,468)
Comprehensive loss										
Loss for the period	–	–	–	–	–	–	(1,527,417)	(1,527,417)	(456,771)	(1,984,188)
Other comprehensive loss	–	–	–	–	47,635	–	–	47,635	(61,096)	(13,461)
Total comprehensive loss	–	–	–	–	47,635	–	(1,527,417)	(1,479,782)	(517,867)	(1,997,649)
Transactions with owners										
Capital injection from non-controlling interest (note 27(i))	–	–	–	–	–	–	–	–	5,499,577	5,499,577
Non-controlling interest arising from business combination (note 27(i))	–	–	–	–	–	–	–	–	3,322,936	3,322,936
Changes in ownership interests in subsidiaries without change of control (note 27(ii))	–	–	–	(1,390,528)	–	–	–	(1,390,528)	(2,011,948)	(3,402,476)
Total transaction with owners	–	–	–	(1,390,528)	–	–	–	(1,390,528)	6,810,565	5,420,037
Balance at 30 June 2019	250,936	85,582	796	(1,390,528)	(29,134)	91,927	(2,542,357)	(3,532,778)	6,292,698	2,759,920

Interim Condensed Consolidated Statement of Changes in Equity (Continued)

	Attributable to owners of the Company									
	Share capital RMB'000	Special reserve RMB'000	Capital contribution reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2018	250,936	85,582	796	–	(10,438)	45,820	460,548	833,244	(1,003)	832,241
Comprehensive income										
Profit for the period	–	–	–	–	–	–	199,292	199,292	1,003	200,295
Other comprehensive income	–	–	–	–	(2,080)	–	–	(2,080)	–	(2,080)
Total comprehensive income	–	–	–	–	(2,080)	–	199,292	197,212	1,003	198,215
Transactions with owners										
Transfer to statutory reserve	–	–	–	–	–	25,869	(25,869)	–	–	–
Total transactions with owners	–	–	–	–	–	25,869	(25,869)	–	–	–
Balance at 30 June 2018	250,936	85,582	796	–	(12,518)	71,689	633,971	1,030,456	–	1,030,456

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying note.

Interim Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June 2019 (Unaudited) RMB'000	2018 (Unaudited) RMB'000
Cash flows from operating activities		
Cash used in operations	(3,558,449)	(484,646)
Tax paid	(186,603)	(93,688)
Interest paid	(709,000)	(203,592)
Net cash flows used in operating activities	(4,454,052)	(781,926)
Cash flows from investing activities		
Purchases of property, plant and equipment	(144,745)	(5,206)
Additions to construction-in-progress	(1,608,324)	(267,134)
Purchases of intangible assets	(112,613)	(472)
Prepayments for right-of-use assets	(1,243,236)	(78,649)
Proceeds from governments grant for construction	1,325,140	—
Interest received	56,113	18,954
Payments for financial assets at fair value through profit and loss	(404,380)	—
Acquisition of subsidiaries, net of cash acquired (note 28)	(7,989,717)	—
Investment in joint ventures	(183,025)	—
Prepayments to related parties	(77,410)	—
Repayment from related parties	2,143	—
Net cash flows used in investing activities	(10,380,054)	(332,507)
Cash flows from financing activities		
Proceeds from borrowings	35,023,385	2,170,000
Repayments of borrowings	(9,469,630)	(2,621,200)
Proceeds from lease obligations	—	100,000
Repayments of lease obligations	—	(12,837)
Principal elements of lease payments	(56,370)	—
Proceed from related parties	3,381,942	—
Repayments to related parties	(605,927)	—
Acquisition of non-controlling interests in a subsidiary	(3,402,476)	—
Capital injection from non-controlling interests	5,499,577	—
Net cash flows generated from/(used in) financing activities	30,370,501	(364,037)
Net increase/(decrease) in cash and cash equivalents	15,536,395	(1,478,470)
Cash and cash equivalents at beginning of the period	1,570,014	2,301,683
Exchange difference on cash and cash equivalents	(277,540)	38
Cash and cash equivalents at end of the period	16,828,869	823,251

The above condensed consolidated statement of cash flow should be read in conjunction with the accompanying note.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Evergrande Health Industry 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 Company's Taiwan depositary receipts listed on the Taiwan Stock Exchange were delisted in June 2019.

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

Key event for the current reporting period

During the six months ended 30 June 2019, the Group acquired a total of 68% equity interest in National Energy Vehicle Sweden AB ("NEVS").

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2019 ("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 2018 and any public announcements made by the Group during the interim reporting period.

The financial information relating to the year ended 31 December 2018 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2019 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 2018 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).

2 BASIS OF PREPARATION (Continued)

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 2018, 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 2019 for the Group:

HKFRS 16	Leases
HK(IFRIC) 23	Uncertainty over Income Tax Treatments
HKAS 28 (Amendment)	Long-term investment in an Associate or Joint Venture
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation
HKAS 19 (Amendment)	Plan Amendment, Curtailment or Settlement
Annual Improvements to HKFRSs 2015–2017 cycle	

The adoption of the above new and amended standards did not have any material impact on the Interim Financial Information except for the impact of adoption of HKFRS 16 set out in note 3.1 below.

(b) Impact of standards issued but not yet applied by the entity

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2019 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 1 and HKAS 8 (Amendment)	Definition of material	1 January 2020
HKFRS 3 (Amendment)	Definition of a business	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021
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 impact of new standards and amendments to standards above is still under assessment by the Group.

3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in note 3.1 below. And the new applicable accounting policy adopted for the new energy vehicle business.

The Group has adopted HKFRS 16 from its mandatory adoption date of 1 January 2019. The Group has applied the simplified transition approach and has not restated comparative amounts for the 2018 reporting period. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

3.1 Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average leasee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 8.39%.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	2019 RMB'000
Operating lease commitments disclosed as at 31 December 2018	58,762
Discounted using the lessee's incremental borrowing rate of the date of initial application	52,167
Add: finance lease liabilities recognised as at 31 December 2018	54,012
Less: short-term leases and low-value leases recognised on a straight-line basis as expense	(1,000)
Lease liability recognised as at 1 January 2019	**105,179**
Of which are:	
Current lease liabilities	30,092
Non-current lease liabilities	75,087

Under the simplified transition approach, the associated right-of-use assets were measured at the amount equal to the lease liabilities on adoption, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

3 CHANGES IN ACCOUNTING POLICIES (Continued)

3.1 Adjustments recognised on adoption of HKFRS 16 (Continued)

The recognised right-of-use assets mainly relate to the following types of assets:

	30 June 2019 RMB'000	1 January 2019 RMB'000
Properties	136,830	156,139
Equipments	222,414	—
Land use rights	1,207,666	590,743
Total right-of use assets	1,566,910	746,882

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets — increase by RMB156,139,000 of properties and RMB590,743,000 of land use rights
- land use rights — decrease by RMB590,743,000
- property, plant and equipment — decrease by RMB36,667,000
- lease liabilities — increase by RMB105,179,000
- finance lease liabilities — decrease by RMB54,012,000

No significant impact on the Group's net profit after tax for the six months ending 30 June 2019 as a result of adoption of HKFRS 16.

(i) Impact on segment disclosures and earnings per share

	Decrease of segment result RMB'000	Increase of segment assets RMB'000	Increase of segment liabilities RMB'000
Properties, equipments and land use rights	4,765	100,164	104,594

Earnings per share decreased by RMB0.04 cents per share for the six months to 30 June 2019 as a result of the adoption of HKFRS16.

3 CHANGES IN ACCOUNTING POLICIES (Continued)

3.1 Adjustments recognised on adoption of HKFRS 16 (Continued)

(i) Impact on segment disclosures and earnings per share (Continued)

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 Determining whether an Arrangement contains a Lease.

3.2 The Group's leasing activities and how these are accounted for

The Group leases offices for both short-term and long-term contracts. Rental contracts are typically made for fixed periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of properties were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

3 CHANGES IN ACCOUNTING POLICIES (Continued)

3.2 The Group's leasing activities and how these are accounted for (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets consist of properties, equipments and land use rights.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

3.3 New accounting policies adopted for new energy vehicle business

(a) Intangible assets

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives.

(i) Patent, proprietary technology and franchise right

Purchased patents, proprietary technology and franchise right are initially recorded at actual cost and are amortised on a straight-line basis over their estimated useful lives of 5 to 18 years.

(ii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of 2 to 10 years.

(iii) Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on the Group's proprietary brands project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during a financial period.

3 CHANGES IN ACCOUNTING POLICIES (Continued)

3.3 New accounting policies adopted for the new business (Continued)

(b) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants are deducted in reporting the related expenses, when appropriate.

Government grants relating to property, plant and equipment and intangible assets are charged against carrying amount of related assets or recognised as deferred income. If it is recognised as deferred income, it will credit to the relevant assets when it is ready for use and included in profit or loss over the useful life of related assets.

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2018.

5 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Group's major financial instruments include cash and bank deposits, financial asset at fair value through profit or loss, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposure to ensure appropriate measures are implemented on a timely and effective manner.

5 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(i) Foreign exchange risk

The Group operates in the PRC, Hong Kong, and Europe and is exposed to foreign exchange risk arising from cash and cash equivalents, borrowings, and other recognised assets and liabilities that are denominated in currencies other than the functional currency of the relevant entities. The revenue, expenses and borrowings of the foreign operations are denominated in functional currencies of those operations. The Group does not have a foreign currency hedging policy and has not entered into forward exchange contract to hedge its exposure to foreign exchange risk. However, the directors monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Since HK$ are pegged to US$, management considers the foreign exchange risk of US$ financial assets and liabilities to the Group is not significant. If there is a 5% increase or decrease in functional currency against the relevant currencies, the effect of increase or decrease in the profit for the period is as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
5% appreciation in RMB against HK$	(16)	5,602
5% depreciation in RMB against HK$	16	(5,602)
5% appreciation in RMB against US$	(377,362)	2,098
5% depreciation in RMB against US$	377,362	(2,098)
5% appreciation in RMB against EU€	835	—
5% depreciation in RMB against EU€	(835)	—

(ii) Interest rate risk

The Group's interest rate risk arises from cash and cash equivalents and borrowings. Cash and cash equivalents and borrowings at variable rates expose the Group to cash flow interest rate risk.

As at 30 June 2019, if interest rate on cash and cash equivalents and borrowings had been 100 basis point higher/lower with all variables held constant, post-tax profit for the six months ended 30 June 2019 would decrease/increase by approximately RMB5,690,000. (six months ended 30 June 2018: decrease/increase by approximately RMB1,181,000).

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

5 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk

The Group is exposed to credit risk in relation to its contract assets, trade and other receivables and cash deposits with banks. The carrying amounts of contract assets, trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

For contract assets and trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

For credit exposures to customers, credit terms are granted to customers upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

Meanwhile, the Group has the right to cancel the contracts once payment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade and other receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

5 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

To measure the expected credit losses of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the days of initial recognition.

The loss allowance provision of trade receivables as at 30 June 2019 is determined as follows, the expected credit losses below also incorporate forward looking information.

	Current RMB'000	Over 180 days and within 365 days overdue RMB'000	Over 1 year and within 2 years overdue RMB'000	Over 2 years and within 3 years overdue RMB'000	Over 3 years overdue RMB'000	Total RMB'000
At 30 June 2019						
Expected loss rate	0.10%	1.00%	10.00%	15.00%	20.00%	
Gross carrying amount	737,994	47,536	3,769	79	423	789,801
Loss allowance provision	738	476	377	12	85	1,688

5 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

Other receivables

Other financial assets at amortised cost include other receivables from third parties and related parties. The Group has assessed that the expected credit losses for these receivables under the 12 months expected losses method.

Management considered other receivables from third parties and related parties to be low credit risk as they have a low risk of default and a strong capacity to meet its contractual cash flow obligations in the near term.

The expected loss rate of other receivables which are deposit in nature, such as deposits for acquisition of land use right, construction projects and borrowings, is assessed to be near to zero.

To measure the expected credit losses of other receivables other than deposits, other receivables excluding deposits have been grouped based on shared credit risk characteristics and the days past due.

(iv) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of health and living projects, through internal funding resources and bank facilities to meet its working capital requirements. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

To cope with the investment of New Energy Vehicle Segment business, China Evergrande Group agreed to provide a three-year unsecured loan in the amount of HK$6,750,000,000 and US$3,570,000,000 to the Group, with annual interest rate under the shareholder loan of 7.6% and 8%, respectively.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include adjusting development timetable to adapt the market environment and implementing cost control measures. The Group will pursue such options based on its assessment of relevant future costs and benefits.

With the net current asset position, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

With the aforementioned activities and plans, the directors of the Company considered the Group's liquidity risk has been controlled. The directors of the Company has reviewed the working capital forecast of the Group for the 12 months from 30 June 2019 and are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the date of the consolidated balance sheet.

5 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscount cash flows.

	Less than 1 year RMB'000	Between 1 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 30 June 2019				
Borrowings including accrued interests	10,868,830	42,265,465	1,585,914	54,720,209
Lease liabilities	162,890	134,025	—	296,915
Trade and other payables*	16,068,112	—	—	16,068,112
Total	27,099,832	42,399,490	1,585,914	71,085,236
At 31 December 2018				
Borrowings including accrued interests	6,332,772	12,467,555	424,580	19,224,907
Finance leases	13,605	43,391	—	56,996
Trade and other payables*	6,962,292	—	—	6,962,292
Total	13,308,669	12,510,946	424,580	26,244,195

* Excluding staff welfare benefit payable, other taxes payable and interest payable.

The amounts have not included financial guarantee contracts, which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties (note 25). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

The Group considers that it is more likely than not that no amount will be payable under the arrangement.

5 FINANCIAL RISK MANAGEMENT (Continued)

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as the sum of borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) divided by total assets.

The gearing ratios at 30 June 2019 and 31 December 2018 were as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Total borrowings (note 18)	45,485,905	14,862,325
Total assets	69,831,070	22,183,110
Gearing ratio	65%	67%

(c) Fair value estimation

(i) Fair value hierarchy

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	total RMB'000
At 30 June 2019				
Financial assets at FVTPL				
— Unlisted redeemable preferred shares	—	—	3,979,937	3,979,937
— Others unlisted shares	—	—	469,334	469,334
	—	—	4,449,271	4,449,271

5 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

(i) Fair value hierarchy (Continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2019.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of foreign currency forwards is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the six months ended 30 June 2019:

	30 June 2019 RMB'000
Unlisted shares	
Opening balance	3,979,937
Additions	469,334
Closing balance	4,449,271

5 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (Continued)

Valuation processes

The finance department of the Group includes a team that performs the valuations of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation methodologies to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments included the unlisted preferred shares (note 14) only. As the investments in private companies are not traded in an active market, their fair value have been determined by discounted cash flows. The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are determined using a capital asset pricing model to calculate a pre-tax rate

- That reflects current market assessments of the time value of money and the risk specific to the asset

- Earnings growth factor for unlisted equity securities: these are estimated based on market information for similar types of companies

- Expected cash inflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the business and how the current economic environment is likely to impact it

The Group measures its financial assets at fair value. The fair value of the investment of unlisted redeemable preferred shares on Smart King Limited, a new energy automotive enterprise, has been determined on the basis of valuation carried out by Globalview Advisors LLC, an independent and professionally qualified valuer (note 14).

Discussions of valuation processes and results are held between the management and the valuer at least once every six months, in line with the Group's interim and annual reporting dates.

Asset Category	Fair value as at 30 June 2019 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs
FVTPL	3,979,937	Discounted Cash Flow Method	Weighted Average Cost of Capital ("WACC")	37%
			Terminal Growth Rate Debt-Free Net Cash Flows	3%

5 FINANCIAL RISK MANAGEMENT (Continued)

(c) Fair value estimation (Continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (Continued)

Valuation processes (Continued)

Relationship of unobservable inputs to fair value:

The higher WACC, the lower fair value;
The higher Terminal Growth Rate, the higher fair value;
The higher Debt-Free Net Cash Flows, the higher fair value.

The fair value of other unlisted shares are measured at their considerations as they are newly acquired from independent third party within 12 months. Their fair value have no significant change over the period.

6 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 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, investment income, finance income and costs and income tax expense are not included in segment results.

6 SEGMENT INFORMATION (Continued)

(a) Revenue by type

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

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Health Management:		
Sales of health and living projects (a)	2,354,875	1,138,192
Income from medical cosmetology and health management (b)	9,120	3,264
	2,363,995	1,141,456
New Energy Vehicle:		
Sales of lithium batteries (a)	253,145	—
Provision of technical services (b)	28,282	—
Sales of vehicle components (a)	2,980	—
	284,407	—
	2,648,402	1,141,456

(a) 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.

(b) 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.

6 SEGMENT INFORMATION (Continued)

(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 2019 and 2018 are as follows:

	Six months ended 30 June 2019			
	Health Management RMB'000	New Energy Vehicle RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue and revenue from external customers	2,363,995	284,407	—	2,648,402
Finance costs — net	(49,300)	(587,566)	(28,447)	(665,313)
Share of net loss of associates and joint ventures accounted for using the equity method	(1)	(5,176)	—	(5,177)
Segment results	136,717	(1,963,421)	(76,936)	(1,903,640)
Loss before income tax				(1,903,640)
Income tax expenses				(80,548)
Loss for the period				(1,984,188)
Other segment item:				
Depreciation and amortisation (note 19)	66,342	293,548	—	359,890

6 SEGMENT INFORMATION (Continued)

(b) Segment revenue and results (Continued)

	Six months ended 30 June 2018			
	Health Management RMB'000	New Energy Vehicle RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue and revenue from external customers	1,141,456	—	—	1,141,456
Finance costs — net	(3,908)	—	(2,977)	(6,885)
Segment results	401,292	—	(7,480)	393,812
Profit before income tax				393,812
Income tax expenses				(193,517)
Profit for the period				200,295
Other segment item:				
Depreciation and amortisation (note 19)	(10,038)	—	—	(10,038)

The segment assets and liabilities as at 30 June 2019 and 31 December 2018 are as follows:

	Health Management RMB'000	**New Energy Vehicle** RMB'000	**Unallocated** RMB'000	**Total** RMB'000
As at 30 June 2019				
Segment assets	**24,055,191**	**45,738,744**	**37,135**	**69,831,070**
Segment liabilities	**22,352,572**	**44,268,454**	**450,124**	**67,071,150**
Capital expenditure	**787,583**	**14,204,578**	**—**	**14,992,161**
As at 31 December 2018				
Segment assets	17,401,152	4,747,486	34,472	22,183,110
Segment liabilities	16,089,993	6,256,479	499,106	22,845,578
Capital expenditure	749,989	474,760	—	1,224,749

7 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Machinery and equipment	Mold	Furniture, fixtures and office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Six months ended 30 June 2019							
Opening net book amount at 1 January 2019	810,019	2,280	92,478	—	28,600	601,548	1,534,925
Adjustment for change in accounting policy (note 3)	—	—	(36,667)	—	—	—	(36,667)
Exchange difference	42,037	—	17,505	431	51	—	60,024
Additions	2,706	8,670	14,942	1,028	16,091	1,526,808	1,570,245
Acquired from business combination (note 28)	1,824,272	20,238	978,191	57,726	139,837	2,279,814	5,300,078
Transfer from construction in progress/ Transfer to Property, plant and equipment	3,940	—	81,720	1,558	13,185	(100,403)	—
Disposals	—	—	(1,300)	—	(6,137)	—	(7,437)
Depreciation	(71,518)	(1,504)	(80,409)	(7,113)	(25,091)	—	(185,635)
Closing net book amount at 30 June 2019	2,611,456	29,684	1,066,460	53,630	166,536	4,307,767	8,235,533
Six months ended 30 June 2018							
Opening net book amount at 1 January 2018	—	164	30,183	—	14,684	658,994	704,025
Additions	—	—	343	—	2,940	294,990	298,273
Depreciation and amortisation	—	(109)	(4,465)	—	(2,370)	—	(6,944)
Closing net book amount at 30 June 2018	—	55	26,061	—	15,254	953,984	995,354

8 INTANGIBLE ASSETS, RIGHT-OF USE ASSETS AND GOODWILL

	Intangible assets							
	Computer software RMB'000	Research and development costs RMB'000	Patent, proprietary technology and franchise rights RMB'000	subtotal RMB'000	Right-of-use assets RMB'000	Land use rights RMB'000	Goodwill RMB'000	Total RMB'000
Six months ended 30 June 2019								
Opening net book amount at 1 January 2019	4,115	–	1,084	5,199	–	590,743	–	595,942
Adjustment for change in accounting policy (note 3)	–	–	–		746,882	(590,743)	–	156,139
Currency difference	–	(66,298)	11,487	(54,811)	2,516	–	–	(52,295)
Additions	36,157	66,880	9,575	112,612	73,404	–	–	186,016
Acquired from business combination (note 28)	45,428	2,035,711	4,954,158	7,035,297	781,053	–	6,193,274	14,009,624
Disposals	(140)	(2,377)	–	(2,517)	–	–	–	(2,517)
Depreciation/amortisation	(3,216)	–	(134,094)	(137,310)	(36,945)	–	–	(174,255)
Closing book amount	82,344	2,033,916	4,842,210	6,958,470	1,566,910	–	6,193,274	14,718,654
Six months ended 30 June 2018								
Opening net book amount at 1 January 2018	3,097	–	64	3,161	–	221,923	–	225,084
Additions	472	–	–	472	–	–	–	472
Amortisation	(755)	–	(4)	(759)	–	(2,335)	–	(3,094)
Closing book amount	2,814	–	60	2,874	–	219,588	–	222,462

9 TRADE AND OTHER RECEIVABLES

	30 June 2019 RMB'000	31 December 2018 RMB'000
Trade receivables (note (a))		
— third parties	789,801	225,585
Less: allowance for doubtful debts (note (b))	(1,688)	(760)
	788,113	224,825
Other receivables		
— third parties (note (c))	2,903,818	156,393
— related parties (note 26(b)(ii))	76,078	1,168
— prepaid other taxes	609,052	128,514
	3,588,948	286,075
Less: allowance for doubtful debts (note (b))	(8,457)	(3,763)
	3,580,491	282,312
	4,368,604	507,137

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

	30 June 2019 RMB'000	31 December 2018 RMB'000
Within 90 days	638,203	175,076
Over 91 days and within 180 days	102,300	49,986
Over 180 days and within 365 days	49,298	523
	789,801	225,585

(b) The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade receivables and other receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. On that basis, the loss allowance as at 30 June 2019 was determined for trade receivables and other receivables (note 5(a)(iii)).

(c) The expected loss rate of the other receivables from bidding deposits for land acquisition and VAT input is determined as zero.

10 PREPAYMENTS

	30 June 2019 RMB'000	31 December 2018 RMB'000
Prepayments (a)		
— Land use rights	1,881,316	1,044,721
— Property, plant and equipment	332,542	163,365
— Others	134,258	—
	2,348,116	1,208,086
Less: non-current portion:		
— Land use rights	(1,205,121)	(20,279)
— Property, plant and equipment	(332,542)	(163,365)
— Others	(21,897)	—
	(1,559,560)	(183,644)
Current portion	788,556	1,024,442

(a) Amounts mainly represented the prepayments to third parties for acquisition of land use rights for health and living projects and production plant and property, plant and equipment.

11 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALES

(a) Properties under development

	30 June 2019 RMB'000	31 December 2018 RMB'000
Properties under development comprise:		
— Construction costs and capitalised expenditures	5,237,951	3,848,184
— Interest capitalised	783,319	564,500
— Land use rights	9,181,343	6,757,855
	15,202,613	11,170,539

Properties under development include costs of acquiring rights to use certain lands, which are located in the PRC, for health and living projects development over fixed periods. Land use rights are held on leases of between 40 to 70 years.

11 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALES (Continued)

(b) Completed properties held for sales

All completed properties held for sales are located in the PRC.

12 CASH AND BANK BALANCES

(a) Restricted cash

As at 30 June 2019, restricted deposits of RMB809,630,000 (31 December 2018: RMB367,825,000) are held at banks as security for guarantee deposits for construction of projects.

(b) Cash and cash equivalents

	30 June 2019 RMB'000	31 December 2018 RMB'000
Cash at bank and on hand		
— Denominated in RMB	10,014,827	1,469,065
— Denominated in USD	6,711,193	84,682
— Denominated in HKD	81,961	16,267
— Denominated in other currencies	20,888	—
	16,828,869	1,570,014

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

Cash at banks earns interest at floating daily bank deposit rates.

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	30 June 2019 RMB'000	31 December 2018 RMB'000
Associates	29,382	—
Joint ventures	1,069,412	—
	1,098,794	—

13 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

The amounts recognised in the income statement are as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Share of losses of associates	(49)	—
Share of losses of joint ventures	(5,128)	—
	(5,177)	—

(a) Investments in associates

The movements of the investments in associates are as follows:

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Balance as at 1 January	—	—
Additions	29,431	—
Share of post-tax losses of associates	(49)	—
Balance as at 30 June 2019	29,382	—

There are no contingent liabilities or commitment relating to the Group's investments in the associates.

(b) Investments in joint ventures

The movements of the investments in joint ventures are as follows:

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Balance as at 1 January	—	—
Additions	1,074,540	—
Share of post-tax losses of joint ventures	(5,128)	—
Balance as at 30 June 2019	1,069,412	—

On 29 January 2019, the Group entered into a Joint Venture Agreement with Koenigsegg Automotive AB ("KAAB"), for the establishment of Meneko AB ("Meneko"). Meneko was owned as to 65% by the Group and as to 35% by KAAB. Meneko mainly engaged in supercar development and manufactory.

There are no contingent liabilities or commitment relating to the Group's investments in the joint ventures.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 RMB'000	31 December 2018 RMB'000
Unlisted redeemable preferred shares (note 5(c))	3,979,937	3,979,937
Others unlisted shares	469,334	—
	4,449,271	3,979,937

15 SHARE CAPITAL

	Number of shares	Amount RMB'000
Ordinary shares, issued and fully paid:		
At 30 June 2019 and 31 December 2018	8,640,000,000	250,936

16 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	30 June 2019 RMB'000	31 December 2018 RMB'000
Trade payables to (note (a)):		
— third parties	10,157,139	5,299,958
Other payables to:		
— third parties	2,418,158	1,056,409
— related parties (note 26b(ii))	3,492,815	605,925
Staff welfare benefit payable	95,965	12,609
Other taxes payable	115,912	119,054
Interest payable to:		
— third parties	147,321	13,998
— related parties (note 26b(ii))	931,340	222,898
	7,201,511	2,030,893
Total trade and other payables	17,358,650	7,330,851
Contract liabilities from:		
— sale of health and living projects	96,458	75,216
— other customers	77,174	24,068
Total contract liabilities	173,632	99,284

16 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES (Continued)

(a) The aging analysis of trade payables based on the invoice date at the reporting date:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Within 90 days	8,621,963	5,118,229
Over 91 days and within 180 days	1,016,208	58,644
Over 180 days and within 365 days	518,968	123,085
	10,157,139	5,299,958

17 DEFERRED INCOME

	30 June 2019 RMB'000	31 December 2018 RMB'000
Beginning of the period	—	—
Acquired from business combination (note 28)	364,433	—
Increase in government grant	1,325,140	—
Amount recognised in profit or loss	(41,433)	—
End of the period	1,648,140	—

18 BORROWINGS

	30 June 2019 RMB'000	31 December 2018 RMB'000
Bank borrowings	4,792,480	2,170,000
Shareholder borrowings (note 26(b)(ii))	30,480,581	5,690,925
Other borrowings (a)	5,705,821	4,787,500
	40,978,882	12,648,425
Less: current portion of non-current borrowings	(2,772,140)	(1,400,000)
	38,206,742	11,248,425
Borrowings included in current liabilities:		
Bank borrowings	400,000	26,400
Other borrowings (a)	4,107,023	2,187,500
Current portion of non-current borrowings	2,772,140	1,400,000
	7,279,163	3,613,900
Total borrowings	45,485,905	14,862,325

(a) Certain group companies in the PRC which are engaged in development of health and living projects have entered into fund arrangements with certain financial institutions (the "Trustees"), respectively, pursuant to which Trustees raised trust funds and injected the funds' proceeds to the group companies.

19 OPERATING PROFIT

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Cost of health and living projects and new energy vehicle goods sold	1,970,376	569,235
Employee benefit expenses	505,997	58,933
Employee benefit expenditure (including directors' emoluments)	589,089	138,744
Less: capitalised in properties under development and construction in progress	(83,092)	(79,811)
Advertising and promotion expenses	180,942	34,723
Research and development expenses	282,726	—
Tax and other levies	34,144	19,180
Depreciation of property, plant and equipment	185,635	6,944
Consulting fees	46,570	6,244
Net exchange loss	277,540	2,043
Amortisation of right-of-use assets	36,945	—
Amortisation of land use rights	—	2,335
Amortisation of intangible assets	137,310	759

20 FINANCE EXPENSE — NET

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Finance income		
— Interest income	56,113	18,954
Finance costs		
— Interest expense on borrowings	(1,317,780)	(216,583)
— Interest expense on leases	(12,414)	(2,603)
— Other finance costs	(65,668)	(12,956)
	(1,395,862)	(232,142)
Interest capitalised	674,436	206,303
Finance costs	(721,426)	(25,839)
Finance expense — net	(665,313)	(6,885)

21 INCOME TAX EXPENSES

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

	Six months ended 30 June 2019 RMB'000	2018 RMB'000
Current income tax:		
— PRC corporate income tax	91,504	85,753
— PRC land appreciation tax	46,090	119,818
	137,594	205,571
Deferred income tax:		
— PRC corporate income tax	(57,046)	(12,054)
	80,548	193,517

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2019 and 30 June 2018.

PRC corporate income tax is calculated at 25% of the estimated assessable profit for the six months ended 30 June 2019 and 30 June 2018.

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 both periods, based on the existing legislation, interpretations and practices in respect thereof.

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

22 DIVIDENDS

The directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2018: RMB: nil).

23 (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share (thousands)	**8,640,000**	8,640,000
Basic and diluted (loss)/earnings per share (RMB cents per share) (a)	**(17.678)**	2.307

(a) As there was no dilutive potential ordinary shares for the six months ended 30 June 2019 and 30 June 2018, diluted (loss)/earnings per share equals basic (loss)/earnings per share.

24 COMMITMENTS

(a) Commitments for property development expenditure

	30 June 2019 RMB'000	31 December 2018 RMB'000
Contracted but not provided for		
— Acquisition of land use rights	**6,291,488**	805,292

(b) Operating lease commitments

The group had future aggregate minimum lease payments in relation of related premises and machineries under non-cancellable operating leases as follows:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Within one year	**11,225**	24,092
In the first to second year	**—**	18,996
In the second to third year	**—**	10,226
In the third to forth year	**—**	5,448
	11,225	58,762

25 FINANCIAL GUARANTEE

	30 June 2019 RMB'000	31 December 2018 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	**1,117,230**	602,962

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and the financial guarantees measured at fair value is immaterial.

26 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

The Group is controlled by China Evergrande Group, which owns 74.99% of the Company's shares. The remaining 25.01% of the shares are widely held. The ultimate parent of the Group is Xin Xin (BVI) Limited, incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Dr. Hui Ka Yan.

Name	Relationship
China Evergrande Group	Intermediate holding company
Evergrande Health Industry Holdings Limited	Parent company
Evergrande Life Assurance Co., Ltd.	Joint venture of the Group's holding company
Guangzhou Evergrande Taobao Football Club Co., Ltd.	Joint venture of the Group's holding company
Liaoning Hengyang Health Industry Co., Ltd.	Joint venture
Meneko AB	Joint venture
Foshan Nanhai Xinzhongjian Real Estate Development Co., Ltd.	Fellow subsidiary
Tianjin Donglihu Hengda Hotel Co., Ltd.	Fellow subsidiary
Tianjin Hengda Hotel Co., Ltd.	Fellow subsidiary
Guangzhou Jiasui Real Estate Co., Ltd.	Fellow subsidiary
Guangzhou Pinyan Catering Enterprise Management Co., Ltd.	Fellow subsidiary
Guangzhou Hengda Hotel Co., Ltd.	Fellow subsidiary
Guangzhou Hengda Material Equipment Co., Ltd.	Fellow subsidiary
Pengshan Hengda Hotel Co., Ltd.	Fellow subsidiary
Hengda Shijicheng (Qingyuan) Co., Ltd.	Fellow subsidiary
Hengda Tourism Group Co., Ltd.	Fellow subsidiary
Evergrande Pratt & Whitney Asset Management (Zhuhai) Co., Ltd.	Fellow subsidiary
Hengda Co., Ltd.	Fellow subsidiary
Evergrande High-tech Agriculture Group Co., Ltd.	Fellow subsidiary
Chengdu Jintang Hengda Hotel Co., Ltd.	Fellow subsidiary
Shenzhen Hengda Material Equipment Co., Ltd.	Fellow subsidiary
Chongqing Hengda Hotel Co., Ltd.	Fellow subsidiary
Hengda Landscaping Group Co., Ltd.	Fellow subsidiary
Xinshijie China Real Estate (Haikou) Co., Ltd.	Fellow subsidiary
Chongqing Evergrande Jinbi Business Management Co., Ltd.	Fellow subsidiary
Jinbi Property Management Co., Ltd.	Fellow subsidiary
Linzhi Hengda Hotel Co., Ltd.	Fellow subsidiary
Qidong Hengda Hotel Co., Ltd.	Fellow subsidiary
Nanjing Hengda Hotel Co., Ltd.	Fellow subsidiary
Wuhan Hengda Hotel Co., Ltd.	Fellow subsidiary

26 RELATED PARTY TRANSACTIONS (Continued)

(b) Significant transactions with related parties

(i) Transactions with companies related to China Evergrande Group:

During six months ended 30 June 2019 and 2018, the Group had the following significant transactions with related parties, which are carried out in the normal course of the Group's business:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Borrowings guaranteed by intermediate controlling company	8,500,300	—
Interest charged by intermediate controlling company	696,243	—
Interest charged by joint venture of the Group's holding company	66,177	—
Integrated insurance procurement	54,035	—
Rental expenses	6,499	—
Sales of materials	5,396	—
Property management service expenses	3,020	—
Miscellaneous charges and fees	895	627

(ii) Balances with companies related to China Evergrande Group:

As at 30 June 2019 and 31 December 2018, the Group had the following significant non-trade balances with related parties:

	30 June 2019 RMB'000	31 December 2018 RMB'000
Due from related parties (note 9)		
fellow subsidiaries	12,955	2,133
parent company	—	5
joint venture of the Group's holding company	72	—
joint venture	63,051	766
	76,078	2,904
Due to related parties (note 16)		
intermediate controlling company	1,200,234	405,448
fellow subsidiaries	2,363,982	199,907
joint venture	890,176	—
joint venture of the Group's holding company	39	570
	4,454,431	605,925
Loans from intermediate controlling company (note 18)	30,480,581	5,690,925
Loans from joint venture of the Group's holding company	1,000,000	1,000,000

26 RELATED PARTY TRANSACTIONS (Continued)

(b) Significant transactions with related parties (Continued)

(ii) Balances with companies related to China Evergrande Group (Continued):

The other receivables arise mainly from cash advance to fellow subsidiaries and joint ventures for daily operation purpose and joint venture. The receivables are unsecured interest free and repayable on demand. No provisions are held against receivables from related parties (31 December 2018: RMB: nil).

The payables arise mainly from cash advance from fellow subsidiaries. The payables bear no interest (31 December 2018: RMB: nil)

(c) Key management compensation

Key management includes directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Short-term benefits	**8,993**	10,440
Post-employment benefits	**72**	225
	9,065	10,665

27 NON-CONTROLLING INTERESTS

The movements of non-controlling interests were as follows:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
At 1 January	**—**	(1,003)
(Loss)/profit for the period	**(456,771)**	1,003
Currency translation differences	**(61,096)**	—
Capital injection (note (i))	**5,499,577**	—
Acquisition of subsidiaries — acquisition of business (note (i) and note 28)	**3,322,936**	—
Changes in ownership interests in subsidiaries without change of control (note (ii))	**(2,011,948)**	—
	6,292,698	—

27 NON-CONTROLLING INTERESTS (Continued)

(i) Capital injection

During the six months ended 30 June 2019, the Group has acquired certain subsidiaries engaging in new energy vehicle businesses and received capital injections from non-controlling interests totaling RMB5,499,577,000.

a. Acquisition of business

During the six months ended 30 June 2019, the Group acquired controlling interests of certain companies in the PRC and Europe at consideration totaling approximately RMB9,728,570,000. These companies are engaged in new energy vehicle business. These acquisitions resulted in an increase in the non-controlling interests of the Group totaling RMB3,322,936,000.

(ii) Changes in ownership interests in subsidiaries without change of control

During the six months ended 30 June 2019, the Group acquired further 17% equity interests of NEVS amounting to RMB2,011,948,000 from non-controlling shareholders, the difference between consideration paid and the carrying amount of equity interest acquired amounting to RMB1,390,528,000 was recognised as a decrease in reserve.

28 BUSINESS COMBINATION

During the six months ended 30 June 2019, the Group acquired controlling interests of certain companies engaged in new energy vehicles business in the PRC and Europe.

The following table summarises the consideration paid for acquisition of these subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition date.

28 BUSINESS COMBINATION (Continued)

(i) Acquisition of National Electric Vehicle Sweden AB

On 15 January 2019, the Group entered into a Sale and Purchase Agreement with a third party in relation to the acquisition of 100% equity interest of Mini Minor Limited ("Mini Minor") with a consideration of US$1,130,000,000. Mini Minor Limited held 51% shareholding in National Energy Vehicle Sweden AB ("NEVS"). NEVS, with its headquarters based in Sweden, is a global electric vehicle company focused on intelligent automobiles. After the completion of above acquisition, Mini Minor subsequently acquired additional 17% equity interest of NEVS during the six months ended 30 June 2019 (note 27(ii)).

	RMB'000
Cash consideration	7,755,416
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	4,442,227
Right-of-use assets	753,899
Financial asset at fair value through profit or loss	64,954
Intangible assets	6,064,513
Inventories	22,717
Trade and other receivables	281,421
Prepayments	77,322
Cash and cash equivalents	904,458
Restricted cash	16,039
Other non current assets	353
Borrowings	(4,522,490)
Lease liabilities	(171,058)
Trade and other payables	(1,130,951)
Deferred income	(332,433)
Deferred income tax liabilities	(1,531,828)
Total identifiable net assets	4,939,143
Non-controlling interests	(2,640,926)
Identifiable net assets acquired	2,298,217
Goodwill	5,457,199

28 BUSINESS COMBINATION (Continued)

(ii) Acquisition of CENAT New Energy Company Limited

On 24 January 2019, the Group entered into a Sale and Purchase Agreement with a third party in relation to the acquisition of 58.07% equity interest of Shanghai CENAT New Energy Company Limited ("CENAT") with a consideration of RMB1,059,778,000. CENAT is established in the PRC and is one of the leading enterprises in the industry focusing on ternary pouch type power battery.

	RMB'000
Cash consideration	1,059,778
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	826,893
Right-of-use assets	27,154
Intangible assets	551,029
Inventories	287,439
Trade and other receivables	466,228
Prepayments	81,977
Cash and cash equivalents	462,989
Borrowings	(233,616)
Trade and other payables	(823,149)
Contract liabilities	(30,682)
Deferred income	(32,000)
Provision	(14,612)
Deferred income tax liabilities	(89,102)
Total identifiable net assets	1,480,548
Non-controlling interests	(620,793)
Identifiable net assets acquired	859,755
Goodwill	200,023

28 BUSINESS COMBINATION (Continued)

(iii) Acquisition of TeT Drive Technology Co. Ltd.

During the six months ended 30 June 2019, the Group entered into an equity transfer agreement with Tianjin Tianhai Group Co., Ltd., TeT Drive Technology Co. Ltd ("TeT"). and Lv Chao. Pursuant to the Equity Transfer Agreement and the supplement agreement, the Group agrees to acquire 81.41% equity interest in TeT, free from any encumbrance, at the consideration of RMB500 million.

	RMB'000
Cash consideration	500,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	8,863
Intangible assets	320,800
Inventories	15,374
Trade and other receivables	1,733
Prepayments	7,540
Cash and cash equivalents	2,586
Deferred income tax assets	45,078
Other current assets	2,419
Trade and other payables	(9,638)
Contract liabilities	(384)
Other current liabilities	(2,874)
Deferred income tax liabilities	(62,198)
Total identifiable net assets	329,299
Non-controlling interests	(61,217)
Identifiable net assets acquired	268,082
Goodwill	231,918

28 BUSINESS COMBINATION (Continued)

(iv) Acquisition of Protean Co. Ltd.

On 30 May 2019, NEVS has acquired Protean Holdings Corp by effecting a merger of Protean with and into Virtue Surge Limited, a subsidiary of NEVS, with a consideration of US$58,000,000.

	RMB'000
Cash consideration	399,597
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	22,095
Intangible assets	98,955
Investments accounted for using the equity method	30,770
Inventories	20,540
Trade and other receivables	19,153
Cash and cash equivalents	4,493
Borrowings	(80,446)
Trade and other payables	(306)
Deferred income tax liabilities	(19,791)
Total identifiable net assets	95,463
Non-controlling interests	—
Identifiable net assets acquired	95,463
Goodwill	304,134

Reconciliation of total cash considerations of above business combinations and cash outflow on acquisitions is as follows:

Total cash considerations	9,714,791
Total considerations deferred	(350,548)
Total cash and cash equivalents acquired	(1,374,526)
Total payment for business combinations conducted in the period	7,989,717

The acquired businesses contributed revenues of RMB284,407,000 and net loss of RMB1,909,712,000 to the Group for the period from the respective acquisition dates to 30 June 2019.

If the acquisitions had occurred on 1 January 2019, the Group's consolidated revenue and consolidated loss for the period would have been RMB2,800,237,000 and RMB1,969,780,000 respectively.