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)

Interim Report 2018


恒大养老院
颐养园

Contents

Board of Directors and Committees

EXECUTIVE DIRECTORS

Mr. Shi Shouming *(Chairman)*
Mr. Peng Jianjun *(Vice Chairman)*
Mr. Li Siquan *(Chief Executive Officer)*

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")

The Taiwan depository receipts of the Company
are listed on the Taiwan Stock Exchange
("Taiwan Stock Exchange")

STOCK CODE

Hong Kong Stock Exchange: 0708.HK
Taiwan Stock Exchange: 910708

SHARE REGISTRAR

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

INVESTOR RELATIONSHIP

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Investor Relationship Department
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FINANCIAL CALENDAR

Announcement of interim results: 21 August 2018

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 creates a membership mechanism on all-round healthy life management for all-aged populations, and establishes a service system covering personal lifelong health management, high-end medical and tiered medical services, thereby enhancing the healthy living standards for the general public.

During the period, the Group deepened its exchanges and cooperations with top international healthcare resources including Brigham and Women's Hospital (being one of the main teaching hospital of Harvard Medical School). Boao Evergrande International Hospital — the affiliated Hospital of Brigham and Women's Hospital officially launched its operations. The Group also established and improved its hierarchical diagnosis and treatment system, namely "Evergrande Medical Association", led by high-end international hospitals and followed by domestic premier 3A hospitals and Henghe Hospital. The Group 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 consolidating the world's first-class elderly care and wellness living, medical and commercial insurance and other resources, the Group developed and formulated the first all-rounded and all-age healthcare service standard in China, and innovatively created "Evergrande Elderly Care Valley". At present, "Evergrande Elderly Care Valley" has taken root in a number of livable cities across the nation.

For the six months ended 30 June 2018, the Group's membership spending amount had reached approximately RMB1.76387 billion, representing an increase of approximately 236.2% compared to the membership spending amount (of approximately RMB0.52470 billion) for the six months ended 30 June 2017.

New Energy Vehicle Segment

In June 2018, the Company acquired the entire issued share capital of Season Smart Limited, the sole asset of which is 45% equity interest (on a fully diluted basis) in Smart King Ltd., which in turn owns the business of Smart Technology Holdings Ltd. ("Faraday Future"). Given that Smart King Ltd. will be treated as an associate of the Group under Hong Kong Financial Reporting Standards, the Group will use equity accounting method to account for Smart King Ltd.

Faraday Future is a global internet company focused on building smart mobility ecosystems, with the objective to provide new energy, smart, interconnected and sharing products and services to users. Through acquiring world-leading new energy automotive technology and products, the Company believes that it will gain the opportunity to obtain a strong competitiveness in the fast-growing new energy automotive industry, capture market share and diversify its businesses.

BUSINESS REVIEW

Health Management Segment

Business Review for Medical Service Business

As regards hospitals, the Group cooperated with top tier medical institutions around the world to establish a high-end medical care system, and developed a hierarchical diagnosis and treatment system, namely the "Evergrande Medical Association", led by Boao Evergrande International Hospital and followed by domestic premier 3A hospitals and Henghe Hospital.

"Boao Evergrande International Hospital — the affiliated Hospital of Brigham and Women's Hospital", the first collaborative project with Brigham and Women's Hospital in the United States, gathered outstanding worldwide medical experts and consolidated medical resources such as technology, equipment and the latest medicament. The project introduced an advanced multidisciplinary comprehensive diagnosis and treatment model to provide world class screening, diagnosis, treatments and rehabilitation services for cancer diseases. Boao Evergrande International Hospital has fully implemented the management system, the diagnosis and treatment system and the scientific research system of Brigham and Women's Hospital, and operated under its guidance. The hospital has introduced international cutting-edge drugs for treatment of breast cancer, liver disease and other diseases under the support of Boao Public Bonded Drug Warehouse (博鰲公共保税藥倉). The hospital also formed a team comprised of distinguished experts from China and the United States to carry out multidisciplinary and collaborative clinical decision-making and to nurture and cultivate medical talents in line with international standards. The hospital also introduced 3.0T magnetic resonance, the latest generation of TrueBeam intelligent linear accelerator system, molybdenum target and other large equipment. The construction of Boao Proton Heavy Ion Medical Center (博鰲質子重離子醫學中心) also commenced to achieve precision tumor treatment. Leveraging on the clinical research capabilities of Dana–Farber/Brigham and Women's Cancer Center, the hospital established affiliation with premier 3A hospitals in China, including Ruijin Hospital, the affiliated hospital of the School of Medicine of Shanghai Jiao Tong University, committed to building an international clinical, scientific research and academic center.

At present, the Sanya Evergrande Women's Hospital, which specializes in obstetrics and gynecology and assisted reproduction, and the Henghe Hospitals, the ancillary facilities for Evergrande Elderly Care Valley, are under construction. Business Review for Evergrande Elderly Care Valley, are under construction.

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 had developed and formulated the first all- rounded and all-age healthcare service standard in China. The Group innovatively created Evergrande Elderly Care Valley.

Evergrande Elderly Care Valley creates a new high-quality comprehensive healthy living and care mode. Evergrande Health group 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, enhances its members' awareness of health and improves the health of its members.

Evergrande Elderly Care Valley starts a new chapter in all-round health care and 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 852 types of facilities and 867 items of all- round services such as tourism, learning, meditation, music, cheer, diet, beauty, living, health care and nursing, and creates a new healthy life of "one family with three generations, living in two apartments".

Evergrande Elderly Care Valley creates a new high-precision and multi-dimensional health management mechanism. BEIH 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 lifelong health tracking management system for all memberships, conducting multi-dimensional scientific life management from all aspects like health education, genetic test, risk assessment, preventive intervention, hierarchical diagnosis and treatment, intelligent monitoring, dietary therapy, psychological counseling, etc.

Evergrande Elderly Care Valley creates a new comprehensive multi-level health care mode for the elderly. Evergrande Elderly Care Valley consolidates international frontier elderly care and wellness living model, providing the seniors with a wellness living service system integrated with medical treatment and rehabilitation, family fun, vacation, medical beauty and anti- aging, diversiform classes, entertainment and socializing, and elderly employment and other wellness services; Evergrande Nursing Home provides professional nursing, day care, rehabilitation physiotherapy care, home care to the disabled elderly.

Evergrande Elderly Care Valley creates a new whole life cycle high-availability health insurance system. Integrating high-quality insurance resources domestically and internationally, Evergrande Elderly Care Valley has established a high-limit insurance system for all age groups and offered tailor-made insurance for elderly below the age of 100, thus realizing green service channel with hundreds of excellent top 3A hospitals in China.

At present, Evergrande Elderly Care Valley in Sanya, Ocean Flower Island, Xi'an, Zhengzhou, Zhenjiang, Xiangtan, Yuntaishan, Nanjing, Chongqing and other places are currently under construction. The 2018 business plan of the Group targets to achieve membership spending amount of RMB5 billion.

New Energy Vehicle Segment

Review of Battery Electric Vehicle Business

Faraday Future has more than 1,000 leading technology professionals, and has filed close to 1,500 patent applications in the United States and the PRC and has been granted more than 380 patents in both countries. These patents cover the battery, powertrain and electric control system, autonomous driving, automotive connectivity and production and manufacturing sectors, including US patents granted for its large load electricity power output technology and a T-type power inverter. The charging equipment developed by Faraday Future has achieved an efficiency of 200kW/h, reaching one of the most advanced levels in the world. Its first high-end vehicle, the FF 91, has a designed 0–96kph acceleration of 2.39 seconds, a maximum cruising range of 700 kilometers and has numerous smart sensors and smart retractable 3D light detection and ranging radar enabling advanced technological features such as automatic parking, facial recognition technology and seamless entry system. It also has various world's-leading functions and technical indicators, equipped with 10 large screens and light-speed network portals, aiming at realizing smart traveling such as mobile office, entertainment and leisure.

Through acquiring world-leading new energy automotive technology and products, the Company believes that it will gain the opportunity to obtain a strong competitiveness in the fast- growing new energy automotive industry, capture market share and diversify its businesses.

Corporate Milestones of the First Half of 2018

On 28 February 2018, Boao Evergrande International Hospital, which was invested by Evergrande Health Group and built under the cooperative guidance from Brigham and Women's Hospital, was officially opened. On the same day, Boao Public Bonded Drug Warehouse (博鰲公共保稅藥倉) was officially launched.

From 1 April 2018 to 2 April 2018, Elizabeth Nabel, the Director of Brigham Health and Brigham and Women' Hospital, leading a team of core experts visited Boao Evergrande International Hospital, and provided guidance on hospital operations.

On 1 May 2018, Evergrande Health officially launched a membership mechanism for Evergrande Elderly Care Valley. As the first product offered under the membership services, Xi'an Evergrande Elderly Care Valley was popular in the market.

On 25 June 2018, the Company acquired the entire issued share capital of Season Smart Limited, the sole asset of which is 45% equity interest (on a fully diluted basis) in Smart King Ltd., which in turn owns the business of Faraday Future.

In August 2018, Evergrande FF Intelligent Automotive (China) Co., Ltd.* (恒大法拉第未來智能汽車(中國)有限公司) was officially established to be fully responsible for the technology research and development as well as all of the production, operation and management of Faraday Future in the PRC.

OUTLOOK

Health Management Segment

Outlook for Medical Service Business

After Boao Evergrande International Hospital — the affiliated Hospital of Brigham and Women's Hospital was put into operation in February 2018, it will continue its in-depth cooperation with Brigham and Women's Hospital in the United States in the fields of international new technology introduction, team building, international diagnosis and treatment, and multidisciplinary diagnosis and treatment mode (MDT). With the political advantages of the prior zone policy and the support from Brigham, the hospital continues to optimize its medical quality management and steadily carries out high-level cancer diagnosis and treatment services, such as special treatment for breast cancer and liver disease, special physical examination for tumor. Meanwhile, it will also actively cooperate with domestic and foreign scientific research institutions, targeted to build an integrated medical and scientific research and exchange platform.

Constructed with a high standard, Sanya Evergrande Women's Hospital provides integrated premier reproductive care services from assisted reproduction, antenatal examination, childbirth and postpartum rehabilitation, aiming to create "Best Childbirth Location for All Seasons" and "Most Beautiful Bay Resort Assisted Reproductive Center".

With the project of Evergrande Elderly Care Valley taking root in various cities, the Group will promote the development and construction of medical support facilities in an orderly manner and establish the Evergrande medical care system, led by Boao Evergrande International Hospital, with medical rehabilitation and health management as two wings, collaborating with domestic premier 3A hospitals and the Henghe Hospitals, thus building full life-cycle medical and health management services.

In addition, keeping up with the State policy, the Group continues to enrich its drug and medical equipment product warehouse. Through cooperating with renowned original pharmaceutical companies and medical instrument institutions, the Group will improve the product supply chain system for drugs and medical instruments, and will introduce more high-quality medical and health products with application at major medical institutions, benefiting the majority of patients.

Outlook for Evergrande Elderly Care Valley

The Group will further integrate world-class resources on elderly care and wellness living, medical and commercial insurance. Through the membership service platform, the Group aims to provide members with 388 types of healthcare services, 389 types of health management services, 90 types of elderly care services, 5 major types of insurance as well as 852 facilities and equipment under the themes of tourism, learning, meditation, music, cheer, diet, beauty, living, health care, nursing, so as to cover the entire treatment cycle from pre-pregnancy, infants to centenarians, and to create a new wellness lifestyle of "One Family, Three Generations, in Two residences".

The Group will customize exclusive health management platform based on the members' health data, thereby providing them with various services, such as health care, wellness living and elderly care, and health management, and creating a brand new healthy community life service system.

In the second half of 2018, it is expected that the Group will plan to expand its operations into another seven livable areas. The Group plans to expand its operation into over 100 livable healthy areas after the next five years so as to provide services for Evergrande Health members. The 2018 business plan of the Group targets to achieve membership spending amount of RMB5 billion.

In the future, the Group will cooperate with enterprises in financial, tourism, Internet and other fields for expanding its member base, aiming to provide health services to more people.

New Energy Vehicle Segment

Outlook for Battery Electric Vehicle Business

In view of the fact that a number of countries have issued a timetable for banning the sale of fossil fuel vehicles, the Company believes that the development of new energy vehicles is an inevitable trend. The Company currently anticipates that the production and sales of new energy vehicles are expected to maintain rapid growth in the next decade or even longer. The annual sales volume of the entire market may reach tens of millions, or even hundreds of millions, of vehicles after 10 to 20 years.

The first body-in-white for FF91 has arrived at the production base in Hanford, the United States, and the FF91 full-vehicle assembly has officially started and various rigorous tests including engineering tests are also being conducted at the same time, in order to ensure that FF91 reaches the mass production target by the first quarter of 2019 as scheduled.

In August 2018, Evergrande FF Intelligent Automotive (China) group was officially established and named as Evergrande FF Intelligent Automotive (China) Co., Ltd.* (恒大法拉第未來智能汽車(中國)有限公司) ("Evergrande FF Intelligent Automotive China"). Evergrande FF Intelligent Automotive China, the registered capital of which is US$2 billion, establishes itself as the operating headquarters of Faraday Future in the PRC, and will be responsible for the technology research and development as well as all of the production, operation and management of Faraday Future in the PRC, thus bringing the world's cutting edge new energy automotive technology to take root in the PRC.

The long-term strategic plan devised by Faraday Future involves the intention to build five research and development and production bases in Eastern China, Western China, Southern China, Northern China and Central China in the next decade. Its goal is to reach the planned annual production capacity of 5 million vehicles after 10 years while launching various multi- type vehicle series including FF91 and FF81 covering high-end, mid-range and entry level products in the global market to establish an internet-based smart traveling ecosystem and comprehensively satisfy various market demands which are growing at a rapid pace.

FORWARD LOOKING STATEMENTS

There can be no assurance that any forward-looking statements regarding the business development of 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, 21 August 2018

As at the date of this report, the executive directors of the Company are Mr. SHI Shouming, Mr. PENG Jianjun and Mr. LI Siquan; 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 increased by 180.2% to RMB1,141.5 million, as compared with the revenue of RMB407.4 million (restated) for the first half of 2017. The revenue was mainly attributable to the income generated in the Health Management Segment. As the Media Segment was disposed in November 2017, the profit of the Media Segment prior to the disposal was included in the profit or loss of the discontinued operation. The revenue for the comparative period of the first half of 2017 was restated to exclude the revenue of the Media Segment.

The significant increase in revenue of the Health Management Segment during the period was mainly due to the increase of 181.7% in the sales of health and living projects to RMB1,138.2 million for the first half of 2018 from RMB404.1 million for the first half of 2017. In the first half of 2018, the income from medical cosmetology and health management was RMB3.3 million, which remained almost the same as that for the first half of 2017, mainly because the business in this segment was still in the market promotion stage.

The Group's gross profit amounted to RMB550.7 million, which increased by 143.2% from RMB226.4 million for the first half of 2017. The gross profit margin decreased to 48.2% this year from 55.6% in 2017, mainly due to the increase in the business volume of health and living projects and the increase in total profit arising from the increase in total income. However, the corresponding gross profit margin from the income of health and living projects during the period decreased due to different locations of the projects.

Selling and marketing expenses increased by 72.2% to RMB58.2 million during the period from RMB33.8 million for the first half of 2017, mainly due to the increase in marketing expenses for health and living projects and the increase in sales commissions. Administrative expenses increased by 125.7% to RMB91.4 million during the period from RMB40.5 million for the first half of 2017. As the business scale of the Group expanded, there was an increase in the salary of the management and administrative expenses.

Finance expense increased by 218.5% to RMB25.8 million during the period from RMB8.1 million for the first half of 2017, mainly due to the increase in interest expenses which could not be capitalized.

Income tax expense increased by 114.8% to RMB193.5 million during the period from RMB90.1 million for the first half of 2017 mainly due to the increase in income tax expense in relation to the sales of health and living projects.

No profit or loss was recognized for the discontinued operation during the period as compared with a net profit of RMB4.6 million for the first half of 2017. The disposal of the Media Segment was conducted in the second half of 2017 on the ground that the management was expecting huge pressure in the Media Segment amidst the economic uncertainties and fierce market competition so as to enable the Company to focus on its Health Management Segment and optimize its financial structure.

Profit attributable to the owners of the Company increased to RMB199.3 million during the period from RMB74.2 million for the first half of 2017. Basic earnings per share amounted to RMB2.307 fen (first half of 2017: RMB0.858 fen).

FINANCIAL SUMMARY

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000 (Restated)
Revenue		
Health Management:		
Sales of health and living projects	**1,138,192**	404,103
Income from medical cosmetology and health management	**3,264**	3,269
Total revenue	**1,141,456**	407,372
Gross profit (Continuing operation)	**550,676**	226,418
Net profit	**200,295**	70,388
Net profit margin	**17.6%**	17.3%
Basic earnings per share for profit attributable to owners of the Company	**RMB2.307 fen**	RMB0.858 fen

Capital institutions, Liquidity and Financial Resources

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

As at 30 June 2018, the Group had interest-bearing borrowings, finance leases payables (collectively "total borrowings") amounting to RMB5.0 billion (31 December 2017: RMB5.4 billion).

As at 30 June 2018, the Group's gearing ratio was 49.3% (31 December 2017: 69.9%). Gearing ratio was calculated as total borrowings over the total assets.

EMPLOYEE AND SHARE OPTION SCHEME

As at 30 June 2018, the Group had a total of 1478 employees and incurred a total staff cost (including Directors' remuneration) of approximately RMB138.74 million during the period (30 June 2017 (restated): RMB53.67 million).

To provide incentives or rewards to the staff and Directors of the Company, the Company adopted a share options scheme (the "Share Options Scheme") on 6 June 2018. No option was granted by the Company under the Share Option Scheme since its adoption and up to 30 June 2018.

As at 30 June 2018, the Group's Health Management Segment had a total of 1,478 staff members, among which the staff with bachelors' degree or above accounted for approximately 77.94%. The Health Management Segment cooperated with top-notch international professional teams and established a pool of talents with strong academic background, excellent caliber and international vision.

CONTINGENT LIABILITIES

As at 30 June 2018, the Company did not have significant contingent liabilities (as at 31 December 2017: Nil).

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: 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 2018 has been reviewed by PricewaterhouseCoopers in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Corporate Governance and Other Information

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)* (appointed on 11 May 2018)
Mr. Peng Jianjun *(Vice Chairman)* (appointed on 14 August 2018)
Mr. Li Siquan *(Chief Executive Officer)* (appointed on 20 July 2018)
Ms. Tan Chaohui *(Chairlady)* (resigned on 11 May 2018)
Mr. Han Xiaoran (resigned on 20 July 2018)

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 2018, 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:

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	2,700,000	3,000,000	5,700,000	0.04%
Mr. Chau Shing Yim, David	Beneficial owner	600,000	400,000	1,000,000	0.01%

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

Save as disclosed above, as at 30 June 2018, 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 2018, 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 2018, 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 six months ended 30 June 2018, the Company has no such title as chief executive officer. 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 is vested in the Board itself.

With effect from 20 July 2018, Mr. Li Siquan was appointed as an executive Director and the Chief Executive Officer of the Company. Since then, the Company has fully complied with the Code provision A.2.1.

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 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the period ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

THE 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 http://www.hkexnews.hk and the Company's website at www.evergrandehealth.com.

Condensed Consolidated Balance Sheet

	Note	As at 30 June 2018 (Unaudited) RMB'000	As at 31 December 2017 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	995,354	704,025
Land use rights	5	219,588	221,923
Intangible assets	6	2,874	3,161
Deferred income tax assets		18,631	6,577
Prepayments	8	85,680	5,108
		1,322,127	940,794
Current assets			
Inventories		2,308	128
Properties under development	9(a)	4,357,231	3,529,677
Completed properties held for sales	9(b)	905,961	170,174
Trade and other receivables	7	288,840	458,851
Contract assets		15,527	—
Prepayments	8	2,026,365	37,827
Cash and bank balances	10	823,251	2,301,683
Restricted deposits	10	382,886	217,193
		8,802,369	6,715,533
Total assets		10,124,496	7,656,327
EQUITY			
Share capital	14	250,936	250,936
Other reserves		145,549	121,760
Retained earnings		633,971	460,548
Capital and reserves attributable to the owners of the Company		1,030,456	833,244
Non-controlling interests		—	(1,003)
Total equity		1,030,456	832,241

Condensed Consolidated Balance Sheet

	Note	As at 30 June 2018 (Unaudited) RMB'000	As at 31 December 2017 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	12	3,075,000	3,720,000
Finance lease obligations	13	72,580	77,165
		3,147,580	3,797,165
Current liabilities			
Trade and other payables	11	2,548,626	640,549
Contract liabilities	11	1,119,689	—
Receipt in advance from customers	11	—	507,542
Borrowings	12	1,733,200	1,539,400
Finance lease obligations	13	112,342	18,710
Current income tax liabilities		432,603	320,720
		5,946,460	3,026,921
Total liabilities		9,094,040	6,824,086
Total equity and liabilities		10,124,496	7,656,327
Net current assets		2,855,909	3,688,612
Total assets less current liabilities		4,178,036	4,629,406

Shi Shouming
Director

Li Siquan
Director

The notes on pages 22 to 44 form an integral part of these interim consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
	Note	2018 (Unaudited) RMB'000	2017 (Unaudited) (Restated) RMB'000
Revenue	4	1,141,456	407,372
Cost of sales	15	(590,780)	(180,954)
Gross profit		550,676	226,418
Other income		60	2,183
Other gains		541	—
Selling and marketing expenses	15	(58,225)	(33,810)
Administrative expenses	15	(91,382)	(40,526)
Net impairment losses on financial assets	15	(973)	—
Operating profit		400,697	154,265
Finance income		18,954	9,749
Finance costs		(25,839)	(8,126)
Finance (expense)/income — net	16	(6,885)	1,623
Profit before income tax		393,812	155,888
Income tax expenses	17	(193,517)	(90,095)
Profit from continuing operations		200,295	65,793
Discontinued operation			
Profit from discontinued operation		—	4,595
Profit for the period		200,295	70,388
Other comprehensive income			
(Items that may be reclassified to profit or loss)			
Currency translation differences		(2,080)	29,515
Total comprehensive income for the period		198,215	99,903

Condensed Consolidated Statement of Comprehensive Income

	Note	Six months ended 30 June 2018 (Unaudited) RMB'000	2017 (Unaudited) (Restated) RMB'000
Profit attributable to:			
Owners of the Company			
— Continuing operations		199,292	70,325
— Discontinued operation		—	3,828
		199,292	74,153
Non-controlling interest			
— Continuing operations		1,003	(4,532)
— Discontinued operation		—	767
		1,003	(3,765)
Profit for the period		200,295	70,388
Total comprehensive income attributable to:			
Owners of the Company		197,212	94,723
Non-controlling interest		1,003	5,180
Total comprehensive income for the period		198,215	99,903
Earnings per share for profit attributable to owners of the Company			
— Basic and diluted earnings per share	19	2.307 fen	0.858 fen

The notes on pages 22 to 44 form an integral part of these interim consolidated financial information.

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	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

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	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2017	250,936	85,582	796	36,746	(17,395)	7,378	191,242	555,285	11,566	566,851
Comprehensive income										
Profit for the period	–	–	–	–	–	–	74,153	74,153	(3,765)	70,388
Other comprehensive income	–	–	–	–	20,570	–	–	20,570	8,945	29,515
Total comprehensive income	–	–	–	–	20,570	–	74,153	94,723	5,180	99,903
Transactions with owners										
Deemed contributions from fellow subsidiaries	–	–	–	12,412	–	–	–	12,412	–	12,412
Transfer to statutory reserve	–	–	–	–	–	19,826	(19,826)	–	–	–
Total transactions with owners	–	–	–	12,412	–	19,826	(19,826)	12,412	–	12,412
Balance at 30 June 2017	250,936	85,582	796	49,158	3,175	27,204	245,569	662,420	16,746	679,166

The notes on pages 22 to 44 form an integral part of these interim consolidated financial information.

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2018 **(Unaudited)** **RMB'000**	2017 (Unaudited) (Restated) RMB'000
Cash flows from operating activities		
Cash generated from operations	**(484,646)**	833,735
Tax paid	**(93,688)**	(9,485)
Interest paid	**(203,592)**	(16,203)
Net cash flow (used in)/generated from continuing operations	**(781,926)**	808,047
Net cash generated from operating activities from discontinued operation	**—**	33,085
Cash flows from investing activities		
Purchases of property, plant and equipment	**(5,206)**	(17,205)
Additions to construction-in-progress	**(267,134)**	(228,221)
Purchases of intangible assets	**(472)**	(3,558)
Interest received	**18,954**	9,749
Prepayments for acquisition of land use rights	**(78,649)**	(601,225)
Proceeds from sales of property, plant and equipment	**—**	397
Increase in restricted bank deposits	**—**	(178,013)
Net cash used in investing activities from continuing operations	**(332,507)**	(1,018,076)
Net cash used in investing activities from discontinued operation	**—**	(1,951)
Cash flows from financing activities		
Proceeds from borrowings	**2,170,000**	2,036,074
Repayments of borrowings	**(2,621,200)**	(830,317)
Proceeds from finance lease obligations	**100,000**	71,263
Repayments of finance lease obligations	**(12,837)**	—
Repayments of loans fellow subsidiaries	**—**	(260,617)
Net cash flows (used in)/generated from financing activities from continuing operations	**(364,037)**	1,016,403
Net cash generated from financing activities from discontinued operation	**—**	—
Net (decrease)/increase in cash and cash equivalents	**(1,478,470)**	837,508
Cash and cash equivalents at beginning of the period	**2,301,683**	1,033,585
Exchange difference on cash and cash equivalents	**38**	297
Cash and cash equivalents at end of the period, representing bank balances and cash	**823,251**	1,871,390

The notes on pages 22 to 44 form an integral part of these interim consolidated financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Evergrande Health Industry Group Limited (the "Company") and its subsidiaries (together, the "Group") is engaged in "Internet+" community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-ageing (collectively, the "Health Management Segment") in the People's Republic of China (the "PRC"). The Group also engaged in magazine publishing, distribution of magazines, digital business and provision of magazine content (collectively, the "Media Segment") in Hong Kong which was disposed in November 2017.

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, Wanchai, Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and it has deposit receipts listed on The Taiwan Stock Exchange.

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

(a) Key event for the current reporting period

In accordance with the Group's announcement which was issued on 25 June 2018, it has entered into a Share Sale and Purchase Agreement with a third party in relation to the acquisition of Season Smart Limited (the "Target Company"). Pursuant to the aforementioned agreement, the Company acquires the equity interest of the Target Company for a total consideration of HK$6,746,700,000. The consideration was paid in one lump sum in cash on 3 July 2018.

The Company entered into the shareholder loan agreement with China Evergrande Group on 25 June 2018. Pursuant to the shareholder loan agreement, China Evergrande Group agrees to provide a three-year unsecured loan in the amount of HK$6,750,000,000 to the Group. The annual interest rate under the shareholder loan agreement is 7.6% and provided on 3 July 2018.

The Target Company and FF Top Holding Ltd. jointly established a new company (Smart King Limited), the Target Company agreed to make a capital contribution of US$2 billion to obtain a 45% equity interest in Smart King Limited on a fully diluted basis; and FF Top Holding Ltd. agree to contribute technical assets and business owned by the Faraday Future Group to obtain a 33% equity interest in Smart King Limited (on a fully diluted basis). The remaining 22% equity interest in Smart King Limited (on a fully diluted basis) is reserved as equity to be issued and be allotted to the employees in accordance with the equity incentive plan.

Following completion of the acquisition, the Target Company become an associate company of the Group, the Group will use equity accounting method to account for Smart King Limited upon completion of the acquisition.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2018 ("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 2017 and any public announcements made by the Group during the interim reporting period.

The financial information relating to the year ended 31 December 2017 that is included in the condensed consolidated interim financial information for the six months ended 30 June 2018 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 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

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

(a) Change in presentation currency

During the year ended 31 December 2017, the Group has changed its presentation currency from Hong Kong dollars ("HK$") to RMB for the preparation of its consolidated financial statements following the disposal of Media Segment (the "Disposal"). After the Disposal, the remaining principal activities of the Group are mainly conducted in the PRC where the functional currency of those subsidiaries incorporated and operating in the PRC are denominated in RMB and all of the Group's revenue is denominated in RMB. Accordingly, the directors of the Company considered that the change would result in a more appropriate presentation of the Group's performance and financial position in these consolidated financial statements and provide more relevant financial information to the readers.

The change in presentation currency has been applied retrospectively. The comparative figures in these consolidated financial statements were then translated to RMB using the applicable closing rates for assets and liabilities in the consolidated balance sheet and applicable average rates for items in the consolidated statement of comprehensive income and the consolidated statement of cash flows. Share capital, share premium and reserves were translated at the exchange rate at the date when the respective amounts were determined (i.e. historical exchange rates).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except adoption of new and amended standards as set out below (note 3).

2 BASIS OF PREPARATION (Continued)

(b) Amended standards adopted by the Group

Amendments to HKFRS 1	First time adoption of HKFRS
Amendments to HKFRS 2	Classification and measurement of Share-based payment transactions
Amendments to HKFRS 4	Insurance contracts applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts
Amendment to HKAS 28	Investments in associates and joint ventures
Amendments to HKAS 40	Transfers of investment property
HK (IFRIC) 22	Foreign currency transactions and advance consideration
HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers

The adoption of the above new and amended standards did not have any material impact on the Interim Financial Information except for disclosure set out in Note 3.

(c) 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 2018 and have not been early adopted:

		Effective for annual periods beginning on or after
HKFRS 16	Lease	1 January 2019
HK(IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
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.

(i) HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB18,216,000 (Note 20). However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The Group does not intend to adopt the standard before its effective date.

3 CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the Group's financial statements and also discloses the new accounting policies that have been applied from 1 January 2018, where they are different to those applied in prior periods.

(a) Impact on the financial statements

The directors of the Group consider that the changes in the Group's accounting policies do not have any material impacts on prior year financial statements.

(b) HKFRS 9 Financial Instruments — Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 Financial Instruments from 1 January 2018 only resulted in changes in accounting policies. No adjustments were made to the amounts recognised in the financial statements. The new accounting policies are set out in note 3(c) below.

The changes on the classification and measurement models introduced by HKFRS 9 do not have material impact on the Group's existing financial assets and liabilities, as they are mainly comprised of loans and receivables and financial liabilities at amortised costs as determined under HKAS 39, which are similar to the financial assets and liabilities measured at amortised cost under HKFRS 9, and are expected to continuously be initial recognised at fair value and subsequently measured at amortised cost.

The Group was required to revise its impairment methodology under HKFRS 9. The Group applied the simplified approach and recorded lifetime expected losses on its trade receivables and contract assets. The Group applied general approach and recorded either 12-month expected credit losses or lifetime expected credit losses on its other receivables. The directors of the Croup consider that there is no material impact of the change in impairment methodology on the Group's retained earnings and equity.

(c) HKFRS 9 Financial Instruments — Accounting policies applied from 1 January 2018

(i) Investments and other financial assets

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3 CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 9 Financial Instruments — Accounting policies applied from 1 January 2018 (Continued)

(i) Investments and other financial assets (Continued)

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

3 CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 9 Financial Instruments — Accounting policies applied from 1 January 2018 (Continued)

(i) Investments and other financial assets (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

(d) HKFRS 15 Revenue from Contracts with Customers — Impact of adoption

The Group has adopted HKFRS 15 Revenue from Contracts with Customers from 1 January 2018 which resulted in changes in accounting policies. The directors of the Group consider the changes on the Group's revenue recognition do not have material impact on the amounts recognised in the financial statements.

(e) HKFRS 15 Revenue from Contracts with Customers — Accounting policies

The following describes the Group's updated revenue from contracts with customers' policy to reflect the adoption of HKFRS 15:

Contract assets and liabilities and costs for obtaining contracts

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

3 CHANGES IN ACCOUNTING POLICIES (Continued)

(e) HKFRS 15 Revenue from Contracts with Customers — Accounting policies (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of health and living projects in the PRC and rendering of services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when specific criteria have been met for each of the Group's activities, as described below.

Sales of health and living projects

Revenues from sales of health and living projects are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation:

In determine the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For the health and living projects contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

4 SEGMENT INFORMATION

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

Health Management: "Internet+" community health management, international hospitals, elderly care and rehabilitation, medical cosmetology and anti-ageing in PRC.

Media (disposed in November 2017): Magazine publishing, distribution of magazine, digital business and provision of magazine content in Hong Kong.

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.

(a) Revenue by type

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
		(Restated)
Health Management:		
Sales of health and living projects	**1,138,192**	404,103
Income from medical cosmetology and health management	**3,264**	3,269
	1,141,456	407,372
Media (discontinued operation):		
Advertising income	**–**	42,518
Circulation income	**–**	15,258
Digital business income	**–**	43,539
Provision of magazine content	**–**	220
	–	101,535
	1,141,456	508,907

4 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 2018 and 2017 are as follows:

	Six months ended 30 June 2018		
	Media RMB'000	Health Management RMB'000	Total RMB'000
Segment revenue and revenue from external customers	—	1,141,456	1,141,456
Segment results			404,987
Corporate expenses			(4,290)
Finance costs — net			(6,885)
Profit before income tax			393,812
Income tax expense			(193,517)
Profit for the period			200,295
Other segment items:			
Depreciation and amortisation recognised in expense (note 15)	—	(10,038)	(10,038)

4 SEGMENT INFORMATION (Continued)

(b) Segment revenue and results (Continued)

	Six months ended 30 June 2017		
	Media RMB'000 (Restated)	Health Management RMB'000 (Restated)	Total RMB'000 (Restated)
Segment revenue and revenue from external customers	101,535	407,372	508,907
Segment results	4,594	161,696	166,290
Corporate expenses			(6,511)
Finance income — net			704
Profit before income tax			160,483
Income tax expense			(90,095)
Profit for the period			70,388
Other segment items:			
Depreciation and amortisation recognised in expense (note 15)	(6,044)	(7,857)	(13,901)

4 SEGMENT INFORMATION (Continued)

(b) Segment revenue and results (Continued)

The segment assets as at 30 June 2018 and 31 December 2017 are as follows:

	Continuing operation			Discontinued operation	
	Health Management RMB'000	Unallocated RMB'000	Sub-total RMB'000	Media RMB'000	Total RMB'000
As at 30 June 2018					
Segment assets	**9,762,376**	**—**	**9,762,376**	**—**	**9,762,376**
Corporate assets	**—**	**362,120**	**362,120**	**—**	**362,120**
Total assets	**9,762,376**	**362,120**	**10,124,496**	**—**	**10,124,496**
As at 31 December 2017					
Segment assets	7,560,816	—	7,560,816	—	7,560,816
Corporate assets	—	95,511	95,511	—	95,511
Total assets	7,560,816	95,511	7,656,327	—	7,656,327

(c) Geographical information

For the six months ended 30 June 2018, the Group's operations are located in the PRC. For the six months ended 30 June 2017, the Group's operations were located in Hong Kong and the PRC.

The Group's revenue from external customers based on the location where the sales occurred and information about its non-current assets (excluding financial instruments and deferred tax assets) by geographical location of the assets are detailed below:

	Revenue from external		Non-current assets	
	For the six months ended			
	30 June 2018 RMB'000	30 June 2017 RMB'000 (Restated)	**30 June 2018 RMB'000**	31 December 2017 RMB'000
Continuing operations				
— PRC	**1,141,456**	407,372	**1,303,496**	934,217
Discontinued operation				
— Hong Kong	**—**	98,735	**—**	—
— PRC	**—**	2,800	**—**	—
	1,141,456	508,907	**1,303,496**	934,217

5 PROPERTY, PLANT AND EQUIPMENT, CONSTRUCTION-IN-PROGRESS AND LAND USE RIGHTS

	Property, plant and equipment RMB'000	Construction-in-progress RMB'000	Land use rights RMB'000
At 1 January 2018			
Opening net book amount at 1 January 2018	**72,643**	**658,994**	**226,593**
Depreciation/amortisation	**(27,612)**	**—**	**(4,670)**
Net book amount	**45,031**	**658,994**	**221,923**
Six months ended 30 June 2018			
Opening net book amount at 1 January 2018	45,031	658,994	221,923
Additions	3,283	294,990	—
Depreciation/amortisation	(6,944)	—	(2,335)
Closing net book amount at 30 June 2018	41,370	953,984	219,588

6 INTANGIBLE ASSETS

	Software RMB'000	Trademarks RMB'000	Total RMB'000
At 1 January 2018			
Cost	7,582	86	7,668
Accumulated amortisation and impairment	(4,485)	(22)	(4,507)
Net book amount	3,097	64	3,161
Six months ended 30 June 2018			
Opening net book amount at 1 January 2018	3,097	64	3,161
Additions	472	—	472
Amortisation	(755)	(4)	(759)
Closing net book amount at 30 June 2018	2,814	60	2,874
At 30 June 2018			
Cost	8,054	86	8,140
Accumulated amortisation and impairment	(5,240)	(26)	(5,266)
Net book amount	2,814	60	2,874

7 TRADE AND OTHER RECEIVABLES

	30 June 2018 RMB'000	31 December 2017 RMB'000
Trade receivables (Note (a))	157,221	213,845
Less: allowance for doubtful debts (Note (b))	(196)	—
	157,025	213,845
Other receivables		
— third parties	104,839	243,942
— related parties	27,753	1,064
	132,592	245,006
Less: allowance for doubtful debts	(777)	—
	131,815	245,006
	288,840	458,851

(a) Trade receivables mainly arose from sale of health and living projects. Proceeds in respect of sales of health and living projects are to be received in accordance with the terms of the related sales and purchase agreements. The following is an aging analysis of trade receivables based on the invoice date:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Within 90 days	139,834	199,422
Over 91 days and within 180 days	—	301
Over 180 days and within 365 days	17,387	14,122
	157,221	213,845

The aging analysis of past due trade receivables is as follows:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Within 90 days	800	—

(b) To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. As at 30 June 2018, trade receivables of RMB800,000 were past due and impaired (31 December 2017: nil) and a provision of RMB196,000 has been made (31 December 2017: nil).

8 PREPAYMENTS

	30 June 2018 RMB'000	31 December 2017 RMB'000
Prepayments (a)	**2,112,045**	42,935
Less: non-current portion:		
— prepayments for land use rights	**(78,649)**	—
— prepayments for property, plant and equipment	**(7,031)**	(5,108)
Current portion	**2,026,365**	37,827

(a) Amounts mainly represented the prepayments and advances to third parties for acquisition of land use rights for health and living projects.

9 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALES

(a) Properties under development

	30 June 2018 RMB'000	31 December 2017 RMB'000
Properties under development comprise:		
— Construction costs and capitalised expenditures	**548,262**	420,815
— Interest capitalised	**178,568**	87,553
— Land use rights	**3,630,401**	3,021,309
	4,357,231	3,529,677

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

(b) Completed properties held for sales

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

10 CASH AND BANK BALANCES

(a) Restricted deposits

As at 30 June 2018, restricted deposits of RMB382,886,000 (31 December 2017: RMB217,193,000) are held at banks as security for guarantee deposits for construction of projects.

(b) Cash and cash equivalents

	30 June 2018 RMB'000	31 December 2017 RMB'000
Cash at bank and on hand		
— Denominated in RMB	820,513	2,299,785
— Denominated in HKD	2,017	1,186
— Denominated in other currencies	721	712
	823,251	2,301,683

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.

11 TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	30 June 2018 RMB'000	31 December 2017 RMB'000
Trade payables to:		
— third parties	**993,064**	155,560
Other payables to:		
— third parties	**1,298,919**	348,779
— related parties (Note 22(b)(ii))	**256,643**	136,210
	1,555,562	484,989
Total trade and other payables	**2,548,626**	640,549
Contract liabilities from (a):		
— sale of health and living projects	**1,119,578**	—
— other customers	**111**	—
Total contract liabilities	**1,119,689**	—
Receipt in advance from:		
— sale of health and living projects	**—**	505,450
— other customers	**—**	2,092
Total receipt in advance	**—**	507,542

(a) The receipt in advance is reclassified to contract liabilities with the adoption of HKFRS 15.

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

	30 June 2018 RMB'000	31 December 2017 RMB'000
Within 90 days	**977,067**	147,846
Over 91 days and within 180 days	**3,569**	3,229
Over 180 days and within 365 days	**12,428**	4,485
	993,064	155,560

12 BORROWINGS

	30 June 2018 RMB'000	31 December 2017 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings	**708,200**	733,200
Other borrowings (a)	**2,880,000**	4,020,000
	3,588,200	4,753,200
Less: current portion of non-current borrowings	**(513,200)**	(1,033,200)
	3,075,000	3,720,000
Borrowings included in current liabilities:		
Other borrowings (a)	**1,220,000**	506,200
Current portion of non-current borrowings	**513,200**	1,033,200
	1,733,200	1,539,400
Total borrowings	**4,808,200**	5,259,400
The total borrowings are denominated in RMB	**4,808,200**	5,259,400

(a) Certain group companies in the PRC which are engaged in development for 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. All these borrowings bear fixed interest rates and have fixed repayment terms.

13 FINANCE LEASE OBLIGATIONS

	30 June 2018 RMB'000	31 December 2017 RMB'000
Finance lease obligations	184,922	95,875
Less: non-current portion	(72,580)	(77,165)
Current portion	112,342	18,710

The Group's finance lease obligations were analysed as follow:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Within one year	121,385	20,490
Later than one year but not later than five years	80,489	89,087
Minimum lease payments	201,874	109,577
Future finance charges	(16,952)	(13,702)
Total lease liabilities	184,922	95,875
The present value of finance lease liabilities is as follows:		
Within one year	112,342	18,710
Later than one year but not later than five years	72,580	77,165
	184,922	95,875

The above amounts due are based on the schedule repayment dates set out in the relevant agreements.

The carrying amount of finance lease obligations was denominated in RMB.

14 SHARE CAPITAL

	Number of shares	Amount RMB'000
Ordinary shares, issued and fully paid:		
At 30 June 2018 and 31 December 2017	8,640,000,000	250,936

15 OPERATING PROFIT

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000 (Restated)
Cost of health and living projects sold (including construction cost, land cost and interest cost)	**569,235**	162,559
Employee benefit expenses	**58,933**	45,375
Employee benefit expenditure (including directors' emoluments)	**138,744**	53,674
Less: capitalised in properties under development and construction in progress	**(79,811)**	(8,299)
Advertising and promotion expenses	**34,723**	13,423
Business tax and other levies	**19,180**	1,278
Depreciation of property, plant and equipment	**6,944**	5,767
Consulting fee	**6,244**	4,210
Amortisation of land use rights	**2,335**	1,877
Amortisation of intangible assets	**759**	213

16 FINANCE (EXPENSE)/INCOME — NET

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000 (Restated)
Finance income		
— Interest income	**18,954**	9,749
Finance costs		
— Interest expense on borrowings	**(216,583)**	(62,307)
— Interest expense on finance leases	**(2,603)**	—
— Other finance costs	**(12,956)**	(5,882)
	(232,142)	(68,189)
Interest capitalised	**206,303**	60,063
Finance costs	**(25,839)**	(8,126)
Finance (expense)/income, net	**(6,885)**	1,623

17 INCOME TAX EXPENSES

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

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000 (Restated)
Current income tax:		
— PRC corporate income tax	**85,753**	42,830
— PRC land appreciation tax	**119,818**	46,793
	205,571	89,623
Deferred income tax:		
— PRC corporate income tax	**(12,054)**	472
	193,517	90,095

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2018 and 30 June 2017.

PRC corporate income tax is calculated at 25% of the estimated assessable profit for the six months ended 30 June 2018 and 30 June 2017.

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.

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.

18 DIVIDENDS

The directors do not recommend the payment of an interim dividend for the period (six months ended 30 June 2017: RMB: nil).

19 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000 (Restated)
Profit attributable to owners of the Company	**199,292**	74,153
Weighted average number of ordinary shares for the purpose of basic earnings per share	**8,640,000,000**	8,640,000,000
Basic and diluted earnings per share (RMB fen) (a)		
— from continuing operations	**2.307**	0.814
— from discontinued operation	**—**	0.044
	2.307	0.858

(a) As there was no dilutive potential ordinary shares for the six months ended 30 June 2018 and 30 June 2017, diluted earnings per share equals basic earnings per share.

20 COMMITMENTS

(a) Operating lease commitment

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Not later than one year	**4,446**	11,469
Later than one year and not later than five years	**13,770**	30,002
Later than five years	**—**	5,730
	18,216	47,201

(b) Commitments for property development expenditure

	30 June 2018 RMB'000	31 December 2017 RMB'000
Contracted but not provided for		
— Acquisition of a subsidiary	**5,688,143**	—
— Property development activities	**2,063,649**	—
— Acquisition of land use rights	**2,562,740**	—
	10,314,532	—

21 FINANCIAL GUARANTEE

	30 June 2018 RMB'000	31 December 2017 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	**164,696**	140,410

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.

22 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

22 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 2018 and 2017, 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	
	2018 RMB'000	2017 RMB'000 (Restated)
Miscellaneous charges and fees	**627**	1,118

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

As at 30 June 2018 and 31 December 2017, the Group had the following significant non-trade balances with related parties:

	30 June 2018 RMB'000	31 December 2017 RMB'000
Receivables from fellow subsidiaries (Note 7)	**27,753**	1,064
Payables to fellow subsidiaries (Note 11)	**81,165**	1,844
Payables to an intermediate holding company (Note 11)	**175,478**	134,366

The other receivables arise mainly from cash advance to fellow subsidiaries for daily operation purpose. The receivables are unsecured interest free and repayable on demand. No provisions are held against receivables from related parties (31 December 2017: RMB:nil).

The payables arise mainly from cash advance from fellow subsidiaries. The payables bear no interest (31 December 2017: 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	
	2018 RMB'000	2017 RMB'000 (Restated)
Short-term benefits	**10,440**	2,448
Post-employment benefits	**225**	214
	10,665	2,662