



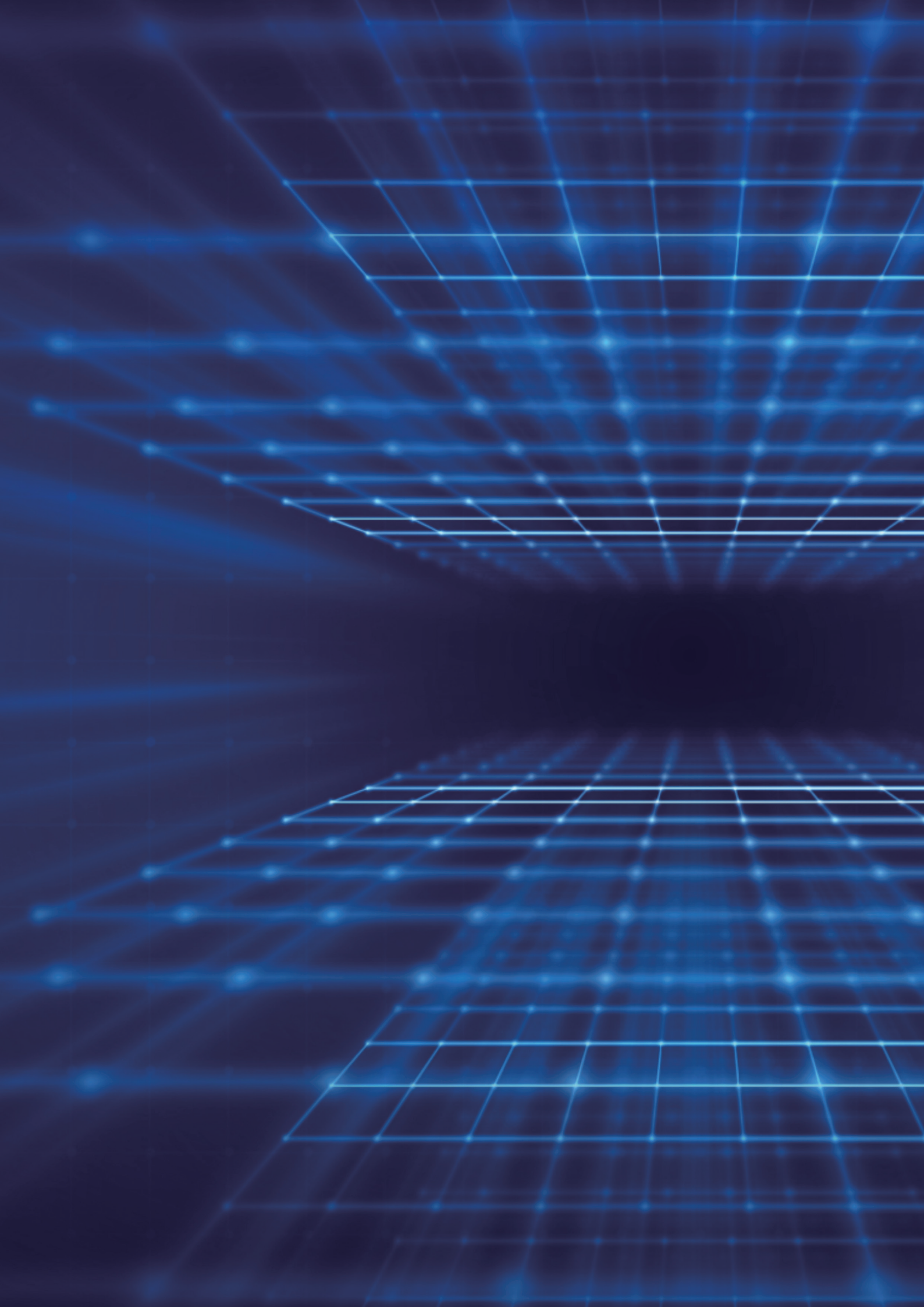
China Evergrande New Energy Vehicle Group Limited

(Incorporated in Hong Kong with limited liability)

(Stock code : 00708)

INTERIM REPORT
2021





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BOARD OF DIRECTORS AND COMMITTEES

EXECUTIVE DIRECTORS

Mr. Siu Shawn (*Chairman*)
Mr. Liu Yongzhuo (*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. Siu Shawn
Mr. Guo Jianwen

NOMINATION COMMITTEE

Mr. Siu Shawn (*Chairman*)
Mr. Chau Shing Yim, David
Mr. Guo Jianwen

CORPORATE GOVERNANCE COMMITTEE

Mr. Chau Shing Yim, David (*Chairman*)
Mr. Siu Shawn
Mr. Guo Jianwen

AUTHORISED REPRESENTATIVES

Mr. Siu Shawn
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
(the “**Stock Exchange**”)

STOCK CODE

Hong Kong Stock Exchange: 0708.HK

SHARE REGISTRAR

Tricor Secretaries Limited
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Hong Kong

INVESTOR RELATION

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FINANCIAL CALENDAR

Announcement of interim results: 30 August 2021

DIRECTOR'S REPORT

OVERVIEW

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

New Energy Vehicle Segment

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

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

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

Health Management Segment

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

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

BUSINESS REVIEW

New Energy Vehicle Segment

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

DIRECTOR'S REPORT

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

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

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

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

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

R&D Aspects:

On 25 March 2021, teaming up with Tencent and Baidu, the Group released the H-SMART OS (Hengchi smart vehicle operating system) which took 1 year and 11 months to develop and was equipped with the ultimate intelligent ecology, and unveiled a series of "black technologies", including the world's first space-class flagship intelligent cabin, an AI assistant "Xiaochi (小驰)" and a supercomputing platform.

DIRECTOR'S REPORT

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

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

Manufacturing Aspects:

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

Marketing System Aspects:

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

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

Core Technologies:

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

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

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

DIRECTOR'S REPORT

Health Management Segment

Business Review for Evergrande Elderly Care Valley

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

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

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

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

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

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

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

DIRECTOR'S REPORT

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

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

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

Business Review for Medical Service Business

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

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

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

OUTLOOK

New Energy Vehicle Segment

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

DIRECTOR'S REPORT

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

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

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

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

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

Health Management Segment

Outlook for Evergrande Elderly Care Valley

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

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

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

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

DIRECTOR'S REPORT

Outlook for Medical Service Business

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

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

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

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

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 be realized or are complete or accurate. Shareholders and/or potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and not to place undue reliance on the information disclosed herein. Any holder of securities or potential investor of the Company who is in doubt is advised to seek advice from professional advisors.

APPRECIATION

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

By Order of the Board

China Evergrande New Energy Vehicle Group Limited

SIU Shawn

Chairman

Hong Kong, 30 August 2021

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

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

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

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

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER ANALYSIS

Capital Institutions, Liquidity and Financial Resources

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

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

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

EMPLOYEE AND SHARE OPTION SCHEME

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

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

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

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

Save for those disclosed in this report, there were no other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period. As at 30 June 2021, the Group did not hold any significant investments and there was no future plan authorised by the Board for other material investments or additions of capital assets.

FOREIGN EXCHANGE RISK

The Company mainly operates in China and collects revenues and pays costs/fees in RMB; therefore, exchange rate fluctuations have certain influence on the foreign currency reserve. The Group has currently not entered into any hedging arrangement against foreign exchange exposure. Please refer to note 4 to the condensed consolidated interim financial information in this report for details.

CONTINGENT LIABILITIES

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

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

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

INTERIM RESULTS REVIEW

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

SUBSEQUENT EVENTS AFTER THE REPORTING DATE

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

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

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

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

- Active settlement of part of the payables to the suppliers and the construction fee with health and living projects, which amounted to approximately RMB1.19 billion; and
- Proactively introducing investors, including negotiation for further capital contribution;

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

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Directors

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

Executive Directors

Mr. Siu Shawn (*Chairman of the Board; appointed with effect on 8 January 2021*)

Mr. Liu Yongzhuo (*Vice Chairman of the Board*)

Mr. Qin Liyong

Mr. Shi Shouming (*Resigned with effect on 8 January 2021*)

Independent Non-executive Directors

Mr. Chau Shing Yim, David

Mr. Guo Jianwen

Mr. Xie Wu

Since 29 April 2021 (being the date of publication of the annual report of the Company for the financial year ended 31 December 2020), there has been no change in the information of the Directors as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

At no time during the Reporting Period was the Company, its subsidiaries, its fellow subsidiaries, its parent companies or its other associated corporations a party to any arrangement to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The following table discloses movements in the Company's share options outstanding during the Reporting Period:

Grantees	Date of grant (Note 1)	Exercise price (HK\$)	The weighted average Closing price of the Company's listed shares immediately before the grant			Exercise period	Number of share options				
			Closing price of the Company's listed shares immediately before the grant (HK\$)	The weighted average closing price of the Company's listed shares for the five business days preceding the date of grant (HK\$)			Outstanding as at 1 January 2021	Granted during the period	Exercised during the period	Cancelled and Lapsed during the period	Outstanding as at 30 June 2021
Liu Yongzhuo, an executive Director	6 November 2020	HK\$23.05	HK\$23.05	HK\$21.98	6 November 2020 to 5 November 2030	20,000,000	N/A	0	0	20,000,000	
Qin Liyong, an executive Director	6 November 2020	HK\$23.05	HK\$23.05	HK\$21.98	6 November 2020 to 5 November 2030	2,000,000	N/A	0	0	2,000,000	
Employees of the Group	6 November 2020	HK\$23.05	HK\$23.05	HK\$21.98	6 November 2020 to 5 November 2030	272,880,000	N/A	0	6,440,000	266,440,000	
	15 June 2021	HK\$32.82	HK\$31.35	HK\$32.82	15 June 2021 to 14 June 2031	N/A	129,660,000	0	0	129,660,000	
Total						294,880,000	129,660,000	0	6,440,000	418,100,000	

Note 1: The vesting period of the share options is from the date of grant until the commencement of the exercise period.

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

As at 30 June 2021, 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 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 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 ("Listing Rules"), were as follows:

Interests of shares in the Company

Name of Director	Nature of interest	Number of shares interested	Approximate percentage of shareholding
Liu Yongzhuo	Beneficial owner ^(Note 1)	21,653,500	0.22%
Qin Liyong	Beneficial owner ^(Note 2)	2,686,000	0.03%
Siu Shawn	Beneficial owner ^(Note 3)	24,600,000	0.25%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

As at 30 June 2021:

- (1) Mr. Liu Yongzhuo was interested in 21,653,500 shares of the Company, of which 1,053,500 shares were directly held by Mr. Liu and 20,000,000 shares were represented by share options.
- (2) Mr. Qin Liyong was interested in 2,686,000 shares of the Company, of which 686,000 shares were directly held by Mr. Qin and 2,000,000 shares were represented by share options.
- (3) Mr. Siu Shawn was interested in 24,600,000 shares of the Company, of which 4,600,000 shares were directly held by Mr. Siu and 20,000,000 shares were represented by share options.

Interests of shares in the associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of shares interested	Approximate percentage of shareholding
Liu Yongzhuo	China Evergrande Group ^(Note 1)	Beneficial owner	20,600,000 ^(Note 3)	0.16%
	Evergrande Property Services Group Limited ^(Note 2)	Beneficial owner	548,500	0.00%
Qin Liyong	China Evergrande Group ^(Note 1)	Beneficial owner	4,186,000 ^(Note 4)	0.03%
Chau Shing Yim, David	China Evergrande Group ^(Note 1)	Beneficial owner	1,000,000 ^(Note 5)	0.01%
Siu Shawn	China Evergrande Group ^(Note 1)	Beneficial owner	20,600,000 ^(Note 6)	0.16%
	Hengten Networks Group	Beneficial owner	8,000,000	0.09%
Shi Shouming (resigned with effect on 8 January 2021)	China Evergrande Group ^(Note 1)	Beneficial owner	23,850,000 ^(Note 7)	0.18%
	Evergrande Property Services Group Limited ^(Note 2)	Beneficial owner	6,363,000	0.06%

Notes:

As at 30 June 2021:

- (1) China Evergrande Group is an intermediate holding company of the Company.
- (2) Evergrande Property Services Group Limited is a subsidiary of China Evergrande Group.
- (3) Mr. Liu Yongzhuo was interested in 20,600,000 shares of China Evergrande Group, which were represented by share options; Mr. Liu was also interested in 548,500 shares of Evergrande Property Services Group Limited, all of which were directly held by Mr. Liu.
- (4) Mr. Qin Liyong was interested in 4,186,000 shares of China Evergrande Group, of which 2,986,000 shares were directly held by Mr. Qin and 1,200,000 share were represented by share options.
- (5) Mr. Chau Shing Yim, David directly held 1,000,000 shares of China Evergrande Group.
- (6) Mr. Siu Shawn was interested in 20,600,000 shares of China Evergrande Group, which were represented by share options; Mr. Siu was also interested in 8,000,000 shares of Hengten Networks Group, all of which were directly held by Mr. Siu.
- (7) Mr. Shi Shouming was interested in 23,850,000 shares of China Evergrande Group, of which 2,480,000 shares were directly held by Mr. Shi and 21,370,000 shares were represented by share options.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 June 2021, none of the Directors 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 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 Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

As at 30 June 2021, so far as was known to any Director or the chief executives of the Company, other than a director or the chief executive of the Company, the following person(s) had interests or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or which were notified to the Company:

Name of shareholder	Nature of interest held	Interest in the shares	Approximate percentage of shareholding
China Evergrande Group	Beneficial owner; and interest of corporation controlled by the substantial shareholder	6,347,948,000 ^(Note)	64.98%

Note: Of the 6,347,948,000 shares held, 128,398,000 were held in the capacity of beneficial owner, 6,219,500,000 shares were held by Evergrande Health Industry Holdings Limited and 50,000 shares were held by Acelin Global Limited, both being wholly-owned by China Evergrande Group.

CORPORATE GOVERNANCE

Corporate Governance Code

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

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

Code provision E.1.2 stipulates that the chairman of the Board shall attend the annual general meeting, and invite the chairmen of the audit committee, remuneration committee, nomination committee and any other committee (as may be applicable) to attend. Mr. Siu Shawn, chairman of the Board and chairman of the Nomination Committee, failed to attend the annual general meeting of the Company held on 18 June 2021 (the "2021 AGM") due to travel restrictions enacted in response to the COVID19 pandemic. Mr. Chau Shing Yim David, an independent non-executive Director, chairman of the Audit Committee, chairman of the Remuneration Committee and chairman of the Corporate Governance Committee, attended and acted as the chairman of the 2021 AGM. The Board was of the view that Mr. Chau Shing Yim David was sufficiently capable and knowledgeable to address any question at the 2021 AGM, and therefore the sound communication established between the Company and its shareholders were unaffected.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Model Code for Securities Transactions

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

Issuance of New Shares under General Mandate and the Use of Proceeds

On 24 January 2021, the Company entered into subscription agreements with six investors to allot and issue an aggregate of 952,383,000 subscription shares. On 9 April 2021, 952,383,000 ordinary shares of the Company were successfully issued at a subscription price of HK\$27.30 per share of the Company to these investors, raising gross proceeds of approximately HK\$26,000,055,900.

The subscription price was HK\$27.30 per share of the Company and represented: (i) a discount of approximately 9% to the closing price of HK\$29.90 per share of the Company as quoted on The Stock Exchange of Hong Kong Limited on 22 January 2021, being the last trading day prior to the signing of the subscription agreements ("**Last Trading Day**"); and (ii) a discount of approximately 8% to the average closing price of HK\$29.67 per share of the Company as quoted on The Stock Exchange of Hong Kong Limited for the last five consecutive trading days immediately prior to the Last Trading Day.

The net proceeds from the said subscription were approximately HK\$26.0 billion after deduction of the Company's costs and expenses from the gross proceeds of approximately HK\$26,000,055,900. The net subscription price per share of the Company was approximately HK\$27.30 per subscription share. [As of 30 June 2021, the Company has fully utilized such net proceeds from the subscription for technology research and development and production of the Company's new energy vehicle business, to repay indebtedness and for general corporate purposes. For further details of the aforesaid issue of new shares by the Company, please refer to the announcements of the Company dated 24 January 2021, 26 March 2021 and 9 April 2021.]

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

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

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND REPORTS OF THE COMPANY

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	21,294,077	17,058,834
Right-of-use assets	7	5,493,443	4,709,499
Investment properties	8	908,800	938,100
Intangible assets	9	11,990,210	10,243,587
Goodwill	10	5,964,172	6,244,210
Trade receivables	11	72,849	139,361
Prepayments	12	1,284,037	1,285,886
Investments accounted for using the equity method	15	1,060,075	1,460,784
Financial assets at fair value through profit or loss	16	5,034,197	4,454,618
Deferred income tax assets		407,717	308,369
		53,509,577	46,843,248
Current assets			
Trade and other receivables and prepaid taxes	11	12,456,381	7,973,999
Prepayments	12	6,505,462	6,386,076
Properties under development	13(a)	64,849,748	61,126,374
Completed properties held for sales	13(b)	14,023,488	12,678,679
Inventories		319,017	310,350
Contract acquisition costs	5(e)	714,876	601,355
Financial assets at fair value through profit or loss	16	198,259	—
Restricted cash	14(a)	2,936,427	3,668,420
Cash and cash equivalents	14(b)	9,577,100	10,476,239
		111,580,758	103,221,492
Total assets		165,090,335	150,064,740
EQUITY			
Share capital and share premium	18	25,562,422	3,759,410
Reserves	20	3,301,820	3,187,047
Accumulated losses		(17,784,010)	(12,997,113)
		11,080,232	(6,050,656)
Non-controlling interests	33	995,434	212,134
Total equity/(deficit)		12,075,666	(5,838,522)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 June 2021 (Unaudited) RMB'000	As at 31 December 2020 (Audited) RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities	7	636,674	589,422
Deferred income	22	3,816,604	2,641,094
Borrowings	23	21,821,897	55,915,728
Deferred income tax liabilities		2,159,433	2,216,209
		28,434,608	61,362,453
Current liabilities			
Contract liabilities	5(e)	35,884,516	23,464,876
Lease liabilities	7	269,718	214,351
Derivative financial liabilities	17	300,383	—
Trade and other payables	21	73,045,007	52,964,764
Borrowings	23	13,268,475	16,290,530
Current income tax liabilities		1,811,962	1,606,288
		124,580,061	94,540,809
Total liabilities		153,014,669	155,903,262
Total equity/(deficit) and liabilities		165,090,335	150,064,740

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

The condensed consolidated interim financial information on pages 19 to 72 were approved by the Board of Directors on 30 August 2021 and were signed on its behalf by:

SIU SHAWN
Director

LIU YONGZHUO
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Revenue	5	6,923,244	4,510,321
Cost of sales	24	(6,675,969)	(3,247,974)
Gross profit		247,275	1,262,347
Other costs, net		(1,512)	(11,526)
Other (losses)/gains, net	25	(658,515)	63,895
Selling and marketing expenses	24	(1,451,965)	(747,613)
Administrative expenses	24	(2,088,035)	(1,403,819)
Net impairment (losses)/gains on financial assets		(51,721)	7,619
Fair value losses on investment properties, net		(29,300)	(58,340)
Operating loss		(4,033,773)	(887,437)
Finance income	26	58,385	64,061
Finance costs	26	(1,049,762)	(1,363,251)
Finance costs, net	26	(991,377)	(1,299,190)
Share of net losses of investments accounted for using the equity method		(412,376)	(32,966)
Fair value gains/(losses) on financial assets at fair value through profit or loss		946,674	(26,915)
Fair value losses on derivative financial liabilities	17	(301,066)	—
Loss before income tax		(4,791,918)	(2,246,508)
Income tax expenses	27	(29,708)	(210,402)
Loss for the period		(4,821,626)	(2,456,910)
Other comprehensive loss			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences		(336,614)	(345,385)
Total comprehensive loss for the period		(5,158,240)	(2,802,295)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Loss attributable to:			
Owners of the Company		(4,786,897)	(2,273,947)
Non-controlling interests		(34,729)	(182,963)
Loss for the period		(4,821,626)	(2,456,910)
Total comprehensive loss attributable to:			
Owners of the Company		(5,123,511)	(2,531,917)
Non-controlling interests		(34,729)	(270,378)
Total comprehensive loss for the period		(5,158,240)	(2,802,295)
Loss per share for loss attributable to owners of the Company (expressed in RMB cents per share)			
— Basic loss per share	29	(51.310)	(26.319)
— Diluted loss per share	29	(51.310)	(26.319)

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	Share premium RMB'000	Reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2021	250,936	3,508,474	3,187,047	(12,997,113)	(6,050,656)	212,134	(5,838,522)
Comprehensive loss							
Loss for the period	—	—	—	(4,786,897)	(4,786,897)	(34,729)	(4,821,626)
Other comprehensive loss	—	—	(336,614)	—	(336,614)	—	(336,614)
Total comprehensive loss	—	—	(336,614)	(4,786,897)	(5,123,511)	(34,729)	(5,158,240)
Transactions with owners in their capacity as owners							
Issuance of ordinary shares in connection with private placement (note 18)	—	21,803,012	—	—	21,803,012	—	21,803,012
Share-based compensation (note 19)	—	—	451,387	—	451,387	—	451,387
Capital injection from non-controlling interests (note 33)	—	—	—	—	—	818,029	818,029
Total transactions with owners in their capacity as owners	—	21,803,012	451,387	—	22,254,399	818,029	23,072,428
Balance at 30 June 2021	250,936	25,311,486	3,301,820	(17,784,010)	11,080,232	995,434	12,075,666

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Reserves RMB'000	Accumulated losses RMB'000			
Balance at 1 January 2020	250,936	—	(2,237,168)	(5,514,204)	(7,500,436)	6,204,869	(1,295,567)
Comprehensive loss							
Loss for the period	—	—	—	(2,273,947)	(2,273,947)	(182,963)	(2,456,910)
Other comprehensive loss	—	—	(257,970)	—	(257,970)	(87,415)	(345,385)
Total comprehensive loss	—	—	(257,970)	(2,273,947)	(2,531,917)	(270,378)	(2,802,295)
Transactions with owners in their capacity as owners							
Capital injection from non- controlling interests (note 33)	—	—	—	—	—	1,009,227	1,009,227
Changes in ownership interests in subsidiaries without change of control (note 33)	—	—	2,565,396	—	2,565,396	(5,174,241)	(2,608,845)
Total transactions with owners in their capacity as owners	—	—	2,565,396	—	2,565,396	(4,165,014)	(1,599,618)
Balance at 30 June 2020	250,936	—	70,258	(7,788,151)	(7,466,957)	1,769,477	(5,697,480)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Six months ended 30 June	
	2021 (Unaudited) RMB'000	2020 (Unaudited) RMB'000
Cash flows of operating activities		
Cash generated from/(used in) operations	4,818,805	(4,984,283)
Interest paid	(1,690,291)	(1,779,357)
Income tax paid	(347,635)	(446,207)
Net cash generated from/(used in) operating activities	2,780,879	(7,209,847)
Cash flows of investing activities		
Purchases of property, plant and equipment and construction in progress	(3,014,318)	(2,185,033)
Purchases of intangible assets	(1,708,897)	(2,352,290)
Purchases of right-of-use assets	(855,426)	(559,620)
Investment accounted for using the equity method	(64,000)	(222,977)
Proceeds from governments grant for construction	1,175,510	887,990
Repayments from related parties	293,566	254,530
Interest received	58,385	64,061
Disposal of property, plant and equipment	8,066	8,828
Investment in financial assets at fair value through profit and loss	(51,516)	—
Net cash flows used in investing activities	(4,158,630)	(4,104,511)
Cash flows from financing activities		
Proceeds from borrowings	3,739,000	17,152,135
Repayments of borrowings	(40,536,196)	(5,627,715)
Issuance of ordinary shares in connection with private placement	21,961,563	—
Capital injection from non-controlling interests	818,029	1,009,227
Proceeds from related parties	14,632,288	—
Acquisition of interests in subsidiaries without change of control	—	(707,596)
Principal element of lease payment	(65,017)	(49,600)
Net cash generated from financing activities	549,667	11,776,451
Net (decrease)/increase in cash and cash equivalents	(828,084)	462,093
Cash and cash equivalents at beginning of the period	10,476,239	9,857,780
Effect of exchange difference on cash and cash equivalents	(71,055)	52,379
Cash and cash equivalents at end of the period	9,577,100	10,372,252

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

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

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

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

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

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

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

This condensed consolidated interim financial information has not been audited.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION

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

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

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

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

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

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

(a) Amended standards adopted by the Group

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION (Continued)

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

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

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

(c) Liquidity and going concern

The Group incurred loss of approximately RMB4.8 billion in the first half of 2021. As at 30 June 2021, the accumulated losses and the net current liabilities of the Group amounted to approximately RMB17.8 billion and RMB13.0 billion, respectively. The shareholder's equity of the Group and bank balances and cash as at 30 June 2021 were approximately RMB12.1 billion and RMB12.5 billion. The Group's net operating losses was mainly attributable to the New Energy Vehicle Segment which is in the stage of development and investment, among which, the interest expenses amounted to RMB0.96 billion attributable to borrowings for acquisition of subsidiaries and capital injection, research & development and marketing expenses amounted to approximately RMB0.79 billion and the share-based compensation expenses amounted to approximately RMB0.45 billion. The capital commitments contracted for but not yet incurred as at 30 June 2021 were approximately RMB18.26 billion.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION (Continued)

(c) Liquidity and going concern (Continued)

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

- (i) Actively negotiation with suppliers and contractors for the Health Management Segment to extend payment terms or to make partial payment or to settle liabilities with health and living projects to resume the construction work to avoid any delay of the construction progress, to minimize the late surcharge or penalty and to strive for the on-time delivery of the health and living projects.
- (ii) Active implementation of developed plans to roll out marketing activities and to promote sales of health and living projects.
- (iii) Closely monitor the New Energy Vehicle Segment cost control and capital expenditure.
- (iv) Active discussion and negotiation with the lenders to extend the repayment of liabilities.
- (v) Continue to actively identifying investors to raise funds to support the production and operations.
- (vi) Actively seeking potential buyers to realize some non-current assets to finance the operations.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 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 2020.

4 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 assets at fair value through profit or loss, trade and other receivables, trade and other payables, derivative financial liabilities 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 exposures to ensure appropriate measures are implemented on a timely and effective manner.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

There have been no changes in the risk management department or in any risk management policies since the year ended 31 December 2020.

(i) Foreign exchange risk

The Group mainly operates in the PRC and Hong Kong and is exposed to foreign exchange risk arising from cash and cash equivalents, bank borrowings, loans from holding company 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(i) Foreign exchange risk (Continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the period-end for a 5% change in foreign currency rates. If there is a 5% increase/decrease in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the period/year is as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
5% appreciation in RMB against HK\$	6	6
5% depreciation in RMB against HK\$	(6)	(6)
5% appreciation in RMB against US dollar (US\$)	853,561	1,063,078
5% depreciation in RMB against US\$	(853,561)	(1,063,078)
5% appreciation in RMB against Eurodollar (EUR)	(20,856)	(33,848)
5% depreciation in RMB against EUR	20,856	33,848

(ii) 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 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.

As described in note 18, on 24 January 2021, the Group entered into the subscription agreements with 6 third party investors to allot and issue an aggregate of 952,383,000 subscription shares, raising a total of approximately HK\$26,000 million.

With the financial support from China Evergrande Group and the funds from the equity and debt financing, 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 condensed consolidated interim financial information.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 FINANCIAL RISK MANAGEMENT (Continued)

(a) Financial risk factors (Continued)

(ii) Liquidity risk (Continued)

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 have reviewed the working capital forecast of the Group for the 12 months from 30 June 2021 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 interim condensed consolidated balance sheet.

(b) Fair value estimation

Financial assets and liabilities

(i) Fair value hierarchy

	30 June 2021 RMB'000	31 December 2020 RMB'000
Level 3		
Assets		
Financial assets at fair value through profit or loss — unlisted redeemable preferred shares and other unlisted shares	5,232,456	4,454,618
Liabilities		
Derivative financial liabilities — call option granted to the original shareholder	(300,383)	—

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 2021.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 FINANCIAL RISK MANAGEMENT (Continued)

(b) Fair value estimation (Continued)

Financial assets and liabilities (Continued)

(ii) *Valuation techniques used to determine fair values*

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices for similar instruments.
- 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)*

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 mainly included the unlisted redeemable preferred shares of an automobile group (note 16), which was valued by Global View Advisors LLC, an independent valuer not related to the Group, who hold recognised relevant professional qualification. As the investments are not traded in an active market, their fair value have been determined by weighted average cost of capital ("WACC"), terminal growth rate, debt-free cash flow and volatility. The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- WACC: 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;
- Revenue growth rate 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; and
- Volatility: these are based on historical volatility of the guideline companies commensurate with the time to liquidity.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 FINANCIAL RISK MANAGEMENT (Continued)

(b) Fair value estimation (Continued)

Financial assets and liabilities (Continued)

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

Information about fair value measurements using significant unobservable inputs (level 3)

Asset Category	Components	Fair value as at		Valuation techniques	Unobservable inputs	Range of unobservable inputs	
		30 June 2021 RMB'000	31 December 2020 RMB'000			30 June 2021	31 December 2020
FVTPL – Unlisted redeemable preferred shares	Unlisted preferred shares	5,069,381	4,175,936	Discounted cash flow method	WACC	37.0%	36.5%
	Embedded call option	(418,614)	(391,494)	Binomial Lattice Model approach	Revenue growth rate Volatility	20%–701% 55%–70%	20%–701% 55%–60%
	Total	4,650,767	3,784,442				

Relationship of unobservable inputs to fair value:

The higher WACC, the lower fair value;

The higher revenue growth rate, the higher fair value;

The higher volatility, the lower fair value.

Non-financial assets and liabilities

(i) *Valuation processes of the Group*

The Group measures its investment properties at fair value. The fair value of the Group's investment properties has been determined on the basis of valuation carried out by an independent and professionally qualified valuer.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 FINANCIAL RISK MANAGEMENT (Continued)

(b) Fair value estimation (Continued)

Non-financial assets and liabilities (Continued)

(ii) *Valuation techniques*

Valuations were based below:

- Income capitalisation approach takes into account the current or estimated rents of the property interests and the reversionary potentials of the tenancies, terminal yield and reversionary yield are then applied respectively to derive the market value of the property.
- Direct comparison approach is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

Information about fair value measurements using significant unobservable inputs (level 3)

Asset category	Property category	Fair value as at		Valuation techniques	Unobservable inputs	Range of unobservable inputs	
		30 June 2021 RMB'000	31 December 2020 RMB'000			30 June 2021	31 December 2020
Completed investment properties	Commercial properties	619,800	377,000	Income capitalisation method	Terminal yield	5.50%–7.00%	5.25%–6.00%
					Reversionary yield	5.50%–7.00%	5.25%–6.00%
					Capitalisation rate	5.50%–7.00%	5.25%–6.00%
					Expected vacancy rate	5%–10%	5%–10%
					Monthly rental (RMB/square meter/month)	20–200	45–101
		289,000	561,100	Direct comparison	Market price (RMB/square meter)	6,000–28,000	8,200–26,700
Total		908,800	938,100				

Relationship of unobservable inputs to fair value:

- The higher terminal and reversionary yield, the lower fair value;
- The higher capitalisation rate, the lower fair value;
- The higher expected vacancy rate, the lower fair value;
- The higher monthly rental, the higher fair value;
- The higher market price, the higher fair value.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION

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

Health Management: “Internet+” community health management, international hospitals, elderly care and rehabilitation, medical cosmetology, anti-ageing and sales of health and living projects in the PRC.

New Energy Vehicle: Technology research and development, production and sales of new energy vehicles, development and sales of vehicle living projects in the PRC and in other countries.

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

(a) Revenue by type

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION (Continued)

(a) Revenue by type (Continued)

- (i) Revenue generated from the sales of health and living projects, lithium batteries and vehicle components are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the assets.
- (ii) Revenue generated from medical cosmetology and health management and provision of technical services are recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

(b) Geographical information

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

	Revenue from customers		Non-current assets	
	Six months ended 30 June		30 June	31 December
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
— PRC	6,891,309	4,479,264	42,897,440	32,554,289
— Europe	31,856	30,438	5,517,702	10,161,568
— United States	—	—	4,650,767	3,784,442
— Others	79	619	35,951	34,580
	6,923,244	4,510,321	53,101,860	46,534,879

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION (Continued)

(c) Segment revenue and results

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

	Six months ended 30 June 2021			
	Health Management RMB'000	New Energy Vehicle RMB'000	Unallocated RMB'000	Total RMB'000
Revenue from contracts with customers	6,883,339	36,984	—	6,920,323
Revenue from other sources	2,921	—	—	2,921
Segment revenue from external customers	6,886,260	36,984	—	6,923,244
Finance costs, net (i)	(9,365)	(982,012)	—	(991,377)
Share of net losses of investments accounted for using the equity method	(26,721)	(385,655)	—	(412,376)
Fair value gains on financial assets at fair value through profit or loss	—	946,674	—	946,674
Fair value losses on derivative financial liabilities	—	(301,066)	—	(301,066)
Other (losses)/gains, net	(180,578)	(477,937)	—	(658,515)
Fair value losses on investment properties, net	(29,300)	—	—	(29,300)
Segment results	(859,790)	(3,912,537)	(19,591)	(4,791,918)
Loss before income tax				(4,791,918)
Income tax expenses				(29,708)
Loss for the period				(4,821,626)
Other segment item:				
Depreciation and amortisation recognised in expenses (note 24)	99,530	378,352	—	477,882

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION (Continued)

(c) Segment revenue and results (Continued)

	Six months ended 30 June 2020			
	Health Management RMB'000	New Energy Vehicle RMB'000	Unallocated RMB'000	Total RMB'000
Revenue from contracts with customers	4,457,320	53,001	—	4,510,321
Segment revenue from external customers	4,457,320	53,001	—	4,510,321
Finance costs, net (i)	(15,537)	(1,270,418)	(13,235)	(1,299,190)
Share of net (losses)/gains of investments accounted for using the equity method	(34,539)	1,573	—	(32,966)
Fair value losses on financial assets at fair value through profit or loss	—	(26,915)	—	(26,915)
Fair value losses on investment properties	(58,340)	—	—	(58,340)
Segment results	473,935	(2,680,475)	(39,968)	(2,246,508)
Loss before income tax				(2,246,508)
Income tax expenses				(210,402)
Loss for the period				(2,456,910)
Other segment item:				
Depreciation and amortisation recognised in expenses (note 24)	51,392	547,896	—	599,288

- (i) The finance costs of New Energy Vehicle Segment included interest expense of RMB959 million (six months ended 30 June 2020: RMB1,347 million), arising from the borrowings from shareholder for acquisitions of subsidiaries and capital injections.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION (Continued)

(d) Segment assets and liabilities

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION (Continued)

(d) Segment assets and liabilities (Continued)

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

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

(e) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Current contract acquisition costs	714,876	601,355

The Group has recognised the following revenue-related contract liabilities:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Sales of vehicle living projects	31,149,979	20,034,910
Sales of health and living projects	4,733,723	3,429,073
Others	814	893
	35,884,516	23,464,876

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 SEGMENT INFORMATION (Continued)

(e) Assets and liabilities related to contracts with customers (Continued)

- (i) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of vehicle living projects and health and living projects.
- (ii) **Revenue recognised in relation to contract liabilities**
The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

Revenue recognised that was included in the balance of contract liabilities at the beginning of the period.

	30 June 2021 RMB'000	31 December 2020 RMB'000
Sales of health and living projects	2,033,088	881,632

6 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Mold RMB'000	Furniture, fixtures and office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Six months ended 30 June 2021							
Opening net book amount at 1 January 2021	3,840,491	254,369	1,263,398	23,683	200,885	11,476,008	17,058,834
Exchange difference	(25,509)	—	(3,578)	(164)	(4,811)	(803)	(34,865)
Additions	305	36,850	248,207	2,956	86,951	4,367,904	4,743,173
Transfer from construction in progress/transfer to property, plant and equipment	5,423	—	10,580	68	6,992	(23,063)	—
Disposals	—	—	(850)	—	(7,216)	—	(8,066)
Impairment	—	—	(39,544)	—	—	(132,294)	(171,838)
Depreciation	(139,034)	(18,602)	(62,920)	(21,646)	(50,959)	—	(293,161)
Closing net book amount at 30 June 2021	3,681,676	272,617	1,415,293	4,897	231,842	15,687,752	21,294,077

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Leasehold improvements RMB'000	Machinery and equipment RMB'000	Mold RMB'000	Furniture, fixtures and office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Six months ended 30 June 2020							
Opening net book amount at							
1 January 2020	3,832,756	116,068	1,285,460	63,601	182,595	4,942,256	10,422,736
Exchange difference	2,664	—	746	—	993	185	4,588
Additions	4,818	104,452	9,847	1,369	49,609	2,755,806	2,925,901
Transfer from construction in progress/transfer to property, plant and equipment	11,704	—	14	22,601	12,485	(46,804)	—
Disposals	—	(6,337)	(3,399)	—	(1,155)	—	(10,891)
Depreciation	(101,398)	(8,115)	(32,453)	(9,343)	(36,183)	—	(187,492)
Closing net book amount at							
30 June 2020	3,750,544	206,068	1,260,215	78,228	208,344	7,651,443	13,154,842

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 LEASES

The balance sheet shows the following amounts relating to leases:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Right-of-use assets		
Land use rights	4,645,591	3,732,587
Buildings	661,029	758,236
Machinery and equipment	206,481	215,663
Furniture, fixtures and office equipment	2,135	3,013
	5,515,236	4,709,499
Less: Impairment	(21,793)	—
	5,493,443	4,709,499
Lease liabilities		
Current	269,718	214,351
Non-current	636,674	589,422
	906,392	803,773

8 INVESTMENT PROPERTIES

	30 June 2021 RMB'000	31 December 2020 RMB'000
Completed investment properties		
Opening net book amount	938,100	1,064,520
Fair value losses on investment properties	(29,300)	(126,420)
Closing net book amount	908,800	938,100

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 INTANGIBLE ASSETS

	Computer software RMB'000	Development costs RMB'000	Patent, proprietary technology and franchise rights RMB'000	Total RMB'000
Six months ended 30 June 2021				
Cost	196,991	9,139,574	5,673,950	15,010,515
Accumulated depreciation and impairment	(38,027)	(802,611)	(2,179,667)	(3,020,305)
Net book amount	158,964	8,336,963	3,494,283	11,990,210
Six months ended 30 June 2020				
Opening net book amount at 1 January 2021	137,914	6,317,792	3,787,881	10,243,587
Exchange difference	(3)	(219,411)	(19,396)	(238,810)
Additions	29,316	2,406,753	3,019	2,439,088
Amortisation	(8,263)	(168,171)	(277,221)	(453,655)
Closing net book amount at 30 June 2021	158,964	8,336,963	3,494,283	11,990,210
Six months ended 30 June 2020				
Cost	128,623	3,630,737	5,714,855	9,474,215
Accumulated depreciation and impairment	(23,505)	(311,268)	(928,585)	(1,263,358)
Net book amount	105,118	3,319,469	4,786,270	8,210,857
Six months ended 30 June 2020				
Opening net book amount at 1 January 2020	82,502	2,539,747	4,958,881	7,581,130
Exchange difference	7	7,706	3,567	11,280
Additions	28,529	960,607	15,304	1,004,440
Amortisation	(5,920)	(188,591)	(191,482)	(385,993)
Closing net book amount at 30 June 2020	105,118	3,319,469	4,786,270	8,210,857

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 GOODWILL

	30 June 2021 RMB'000	31 December 2020 RMB'000
Balance as at 1 January	6,244,210	6,193,274
Exchange difference	(280,038)	282,854
Impairment charge	—	(231,918)
	5,964,172	6,244,210

(i) Impairment charge

There is no impairment charge during the six months ended 30 June 2021. (during the six months ended 30 June 2020: nil).

(ii) Impairment tests for goodwill

The following table sets out the key assumptions for those Cash Generating Units ("CGUs") that have significant goodwill allocated to them:

30 June 2021	New energy vehicle manufacturing RMB'000	New energy battery manufacturing RMB'000
Goodwill allocated (RMB'000)	5,764,149	200,023
Basis of determining the CGUs' recoverable amount	Fair value less costs of disposal	Fair value less costs of disposal
Level of fair value hierarchy	Level 3	Level 3
Fair value valuation techniques	Discounted cash flow	Discounted cash flow
Independent valuers	Avista Group	Avista Group
Years of forecast period	10	10
Revenue growth rate during the forecast period (%)	8.1%–306.3%	6.9%–635.9%
Terminal growth rate (%)	3%	3%
Discount rate (%)	17.0%	18.5%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 GOODWILL (Continued)

(ii) Impairment tests for goodwill (Continued)

31 December 2020	New energy vehicle manufacturing RMB'000	New energy battery manufacturing RMB'000
Goodwill allocated (RMB'000)	6,044,187	200,023
Basis of determining the CGUs' recoverable amount	Fair value less costs of disposal	Fair value less costs of disposal
Level of fair value hierarchy	Level 3	Level 3
Fair value valuation techniques	Discounted cash flow	Discounted cash flow
Independent valuers	Avista Group	Avista Group
Years of forecast period	10	10
Revenue growth rate during the forecast period (%)	8.2%–319.6%	4.5%–274.2%
Terminal growth rate (%)	3%	3%
Discount rate (%)	17.1%	19.0%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Revenue growth rate	Average annual revenue growth rate over the forecast period; based on management's expectations of market development.
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.
Discount rate	Reflect specific risks relating to the relevant segments and the countries in which they operate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 TRADE AND OTHER RECEIVABLES AND PREPAID TAXES

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

(a) Trade receivables

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

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

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

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

(b) Other receivables

	30 June 2021 RMB'000	31 December 2020 RMB'000
Other receivables		
— third parties	2,601,152	1,362,910
— related parties (note 32(b)(ii))	5,370,665	3,349,862
	7,971,817	4,712,772
Less: allowance provision for impairment	(60,555)	(45,818)
Other receivables — net	7,911,262	4,666,954

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 PREPAYMENTS

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

13 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALES

(a) Properties under development

	30 June 2021 RMB'000	31 December 2020 RMB'000
Properties under development expected to be completed within one operating cycle included under current assets	64,849,748	61,126,374
Properties under development comprise:		
— Construction costs and capitalised expenditures	27,728,632	26,370,173
— Interests capitalised	4,195,457	2,722,792
— Land use rights	32,925,659	32,033,409
	64,849,748	61,126,374

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

(a) Properties under development (Continued)

Properties under development include costs of acquiring rights to use certain lands, which are located in the PRC, for health and living projects and vehicle living projects development over fixed periods. Land use rights are held on leases of between 40 to 70 years (31 December 2020: 40 to 70 years).

All properties under development are located in the PRC, among which RMB1,373,747,000 (31 December 2020: nil) were measured at net realisable values.

During the six months ended 30 June 2021, a provision of RMB307,951,000 (during the year ended 31 December 2020: nil) was made to write down the properties under development.

As at 30 June 2021, write-down of carrying amounts of properties under development amounted to RMB307,951,000 (note 24) (as at 31 December 2020: nil).

(b) Completed properties held for sales

All completed properties held for sales are located in the PRC, among which RMB3,050,386,000 (31 December 2020: RMB2,200,436,000) were measured at net realisable values.

During the period ended 30 June 2021, a provision of RMB127,256,000 (note 24) (During the year ended 31 December 2020: RMB30,396,000) was made to write down the completed properties held for sale.

As at 30 June 2021, write-down of carrying amounts of properties completed properties held for sale amounted to RMB210,965,000 (As at 31 December 2020: RMB83,709,000).

14 CASH AND BANK BALANCES

(a) Restricted cash

As at 30 June 2021, restricted cash of RMB2,936,427,000 (31 December 2020: RMB3,668,420,000) are mainly comprised of guarantee deposits for construction of pre-sale properties and guarantee deposits for bank acceptance notes and loans.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 CASH AND BANK BALANCES (Continued)

(b) Cash and cash equivalents

	30 June 2021 RMB'000	31 December 2020 RMB'000
Cash at bank and on hand		
– Denominated in RMB	9,376,038	9,615,437
– Denominated in US\$	33,985	392,410
– Denominated in other currencies	167,077	468,392
	9,577,100	10,476,239

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.

15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The movements of the investments accounted for using the equity method are as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Balance as at 1 January	1,460,784	1,210,964
Additions	64,000	252,366
Disposals	(6,090)	(4,541)
Exchange differences	(46,243)	61,168
Share of net losses of associates and joint ventures	(412,376)	(59,173)
	1,060,075	1,460,784

- (a) The Group expects that the original shareholder are most likely to exercise its right within one year from the balance sheet date. Details please refer to note 17.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2021 RMB'000	31 December 2020 RMB'000
Unlisted redeemable preferred shares (note 4(b))	4,650,767	3,784,442
Other unlisted shares	581,689	670,176
	5,232,456	4,454,618
Less: current portion (a)	(198,259)	—
Non-current portion	5,034,197	4,454,618

(a) The Group expects that the original shareholder are most likely to exercise its right within one year from the balance sheet date. Details please refer to note 17.

17 DERIVATIVE FINANCIAL LIABILITIES

	30 June 2021 RMB'000	31 December 2020 RMB'000
Call option granted to the original shareholder	300,383	—

On 29 January 2019, National Energy Vehicle Sweden AB (“NEVS”) entered into an investment agreement with Alpraaz AB (“Alpraaz”) and its holding company Spirit of Performance AB (“SOP”), to purchase 5% equity interest in Alpraaz at a consideration of EUR50 million. The acquisition was completed on 30 January 2019. According to the investment agreement, NEVS should purchase further 15% equity interest in Alpraaz at a consideration of EUR100 million before 31 March 2021.

Due to NEVS’s failure to complete the obligation to purchase further 15% equity interest in Alpraaz at a consideration of EUR100 million before 31 March 2021, NEVS entered into a supplementary agreement with Alpraaz and SOP on 14 April 2021. According to the supplementary agreement: (i) NEVS should transfer its 2.5% equity interest in Alpraaz for the price of EUR1 to SOP; (ii) a call option was granted to SOP to repurchase the remaining 2.5% equity interest in Alpraaz for the total price of EUR25 million plus an 8% premium within the next twelve months from 14 April 2021; and (iii) a call option was granted to Alpraaz to acquire 65% equity interest in Meneko AB for the total price of US\$150 million plus an 8% premium within the next twelve months from 14 April 2021.

On 14 April 2021, NEVS transferred its 2.5% equity interest in Alpraaz for the price of EUR1 to SOP, a disposal loss of RMB154,354,000 was recognised in profit and loss account for the six months ended 30 June 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 DERIVATIVE FINANCIAL LIABILITIES (Continued)

The above call option arrangement constitutes an derivative instrument and has been recognised as a financial derivative liability in interim condensed consolidated balance sheet. The fair value of financial derivative liability was determined by reference to valuation prepared by an independent valuer, using the Binomial Option Pricing Model approach. A fair value loss of RMB301,066,000 was recognised in profit and loss account for the six months ended 30 June 2021.

18 SHARE CAPITAL AND SHARE PREMIUM

	Number of shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2021	8,816,580,000	250,936	3,508,474	3,759,410
Issue of ordinary shares in connection with private placement (i)	952,383,000	—	21,803,012	21,803,012
At 30 June 2021	9,768,963,000	250,936	25,311,486	25,562,422
At 1 January 2020 and 30 June 2020	8,640,000,000	250,936	—	250,936

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

19 SHARE-BASED COMPENSATION

(a) Share options

The Company approved and adopted a share option scheme on 6 June 2018 (the "2018 Share Option Plan").

On 6 November 2020, the Company granted 298,820,000 share options under 2018 Share Option Plan to certain directors, managements and employees of the Group with an exercise price of HK\$23.05 per share, as rewards for their services. All the options granted will be exercisable within 10 years after vesting. When exercisable, each option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 SHARE-BASED COMPENSATION (Continued)

(a) Share options (Continued)

The granted share options can be vested in five tranches with the following vesting schedule:

- (i) the first tranche of 20% of the shares that are the subject to the option granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 6 November 2021 and ending on 5 November 2026;
- (ii) the second tranche of 20% of the shares that are the subject to the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 6 November 2022 and ending on 5 November 2027;
- (iii) the third tranche of 20% of the shares that are the subject to the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 6 November 2023 and ending on 5 November 2028;
- (iv) the fourth tranche of 20% of the shares that are the subject to the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 6 November 2024 and ending on 5 November 2029;
- (v) the fifth tranche of 20% of the shares that are subject to the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 6 November 2025 and ending on 5 November 2030.

On 15 June 2021, the Company granted 129,660,000 share options under 2018 Share Option Plan to certain directors, managements and employees of the Group with an exercise price of HK\$32.82 per share, as rewards for their services. All the options granted will be exercisable within 10 years after vesting. When exercisable, each option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The granted share options can be vested in five tranches with the following vesting schedule:

- (i) the first tranche of 20% of the shares that are the subject to the option granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 15 June 2022 and ending on 14 June 2027;
- (ii) the second tranche of 20% of the shares that are the subject to the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 15 June 2023 and ending on 14 June 2028;
- (iii) the third tranche of 20% of the shares that are the subject to the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 15 June 2024 and ending on 14 June 2029;

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 SHARE-BASED COMPENSATION (Continued)

(a) Share options (Continued)

- (iv) the fourth tranche of 20% of the shares that are the subject to the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 15 June 2025 and ending on 14 June 2030;
- (v) the fifth tranche of 20% of the shares that are subject to the options granted (rounded down to the nearest whole number) will be exercisable at any time during the period commencing from 15 June 2026 and ending on 14 June 2031.

The following table summarizes the Group's share option activities:

	Six months ended 30 June 2021	
	Weighted average exercise price (in HK\$)	Number of Options
As at beginning of the period	23.05	294,880,000
Granted during the period	32.82	129,660,000
Forfeited during the period	25.26	(6,440,000)
As at end of the period	26.05	418,100,000

None of the outstanding options as at 30 June 2021 was exercisable or expired.

(b) Fair value of share options

Based on fair value of the underlying ordinary shares, the Group has used Binomial option-pricing model to determine the fair value of the stock option as of the grant date. Key assumptions for the share options granted on 15 June 2021 are set as below:

Expected expiry date:	14 June 2031
Stock price at grant date and exercise price	HK\$32.82 per share
Volatility	45.50%–46.91%
Annual risk-free interest rate	0.68%–1.28%
Dividend yield	0%
Suboptimal factors	2.2–2.8

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 SHARE-BASED COMPENSATION (Continued)

(b) Fair value of share options (Continued)

Expenses for the share-based payments have been charged to the interim condensed consolidated statements of comprehensive income as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Administrative expenses and selling and marketing costs	271,098	—
Research and development expenses	180,289	—
	451,387	—

20 RESERVES

	Special reserve RMB'000	Capital contribution reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Share-based compensation reserve RMB'000	Total RMB'000
At 1 January 2021	85,582	796	410,789	2,293,387	253,718	142,775	3,187,047
Other comprehensive loss	—	—	—	(336,614)	—	—	(336,614)
Share-based compensation (note 19)	—	—	—	—	—	451,387	451,387
Balance at 30 June 2021	85,582	796	410,789	1,956,773	253,718	594,162	3,301,820
At 1 January 2020	85,582	796	(1,944,924)	(543,506)	164,884	—	(2,237,168)
Other comprehensive loss	—	—	—	(257,970)	—	—	(257,970)
Changes in ownership interests in subsidiaries without change of control (note 33)	—	—	2,565,396	—	—	—	2,565,396
Balance at 30 June 2020	85,582	796	620,472	(801,476)	164,884	—	70,258

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 RESERVES (Continued)

(a) Special reserve

The special reserve of the Group represents the differences between the aggregate amount of share capital and share premium of the relevant subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of a group reorganisation scheme.

(b) Capital contribution reserve

The amount represents deemed capital contribution and deregistration of a subsidiary in 2006 and 2008, respectively.

(c) Other reserve

Other reserve mainly represents the difference between considerations paid and the carrying amount of non-controlling interests acquired at transition date.

(d) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities with fluctuation currency other than RMB. The reserve is dealt with in accordance with the accounting policies to the consolidated financial statements.

(e) Statutory reserves

Pursuant to the relevant rules and regulations concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of fund reaches 50% of their registered capital. Statutory reserve is non-distributable and the transfers of these funds are determined by the board of directors of the relevant PRC subsidiaries in accordance with the relevant rules and regulations in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 TRADE AND OTHER PAYABLES

	30 June 2021 RMB'000	31 December 2020 RMB'000
Trade and notes payables (a)	41,529,174	39,362,067
— third parties	41,351,306	39,324,142
— related parties (note 32(b)(ii))	177,868	37,925
Other payables	23,294,248	7,414,046
— third parties (b)	6,305,620	4,579,711
— related parties (note 32(b)(ii))	16,988,628	2,834,335
Interest payable	5,288,744	4,306,607
— third parties	584,954	539,289
— related parties (note 32(b)(ii))	4,703,790	3,767,318
Other taxes payable	2,696,491	1,752,241
Payroll payable	234,924	127,653
Provisions	1,426	2,150
Total trade and other payables	73,045,007	52,964,764

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 DEFERRED INCOME

	30 June 2021 RMB'000	31 December 2020 RMB'000
Balance as at 1 January	2,641,094	1,551,100
Increase in government grants	1,196,013	1,194,394
Credited to property, plant and equipment (note 6)	—	(8,240)
Amount recognised in profit or loss	(20,503)	(96,160)
	3,816,604	2,641,094

23 BORROWINGS

	30 June 2021 RMB'000	31 December 2020 RMB'000
Borrowings included in non-current liabilities:		
Bank borrowings	10,250,126	10,433,732
Other borrowings (a)	15,494,117	17,158,529
Shareholder borrowings (note 32(b)(ii))	6,751,129	38,417,895
	32,495,372	66,010,156
Less: current portion of non-current borrowings	(10,673,475)	(10,094,428)
	21,821,897	55,915,728
Borrowings included in current liabilities:		
Bank borrowings	244,000	184,000
Other borrowings (a)	2,351,000	6,012,102
Current portion of non-current borrowings	10,673,475	10,094,428
	13,268,475	16,290,530
Total borrowings	35,090,372	72,206,258

(a) Other borrowings

Other borrowings mainly represents the loans from other financial institutions (the "Trustees") and loans from joint ventures and an associate of the Group's holding company. Certain group companies in the PRC which are engaged in development of health and living projects have entered into fund arrangements with the Trustees, pursuant to which the Trustees raised trust funds and injected the funds to the group companies.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 EXPENSE BY NATURE

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Cost of health and living projects	6,077,146	3,059,741
Employee benefit expenses (including directors' emoluments)	1,381,595	614,594
Employee benefit expenditure (including directors' emoluments)	2,636,122	1,334,837
Less: capitalised in properties under development, construction in progress and development costs	(1,254,527)	(720,243)
Advertising and promotion expenses	959,582	512,337
Write-down of properties under development (note 13(a))	307,951	—
Write-down of completed properties held for sale (note 13(b))	127,256	—
Depreciation of property, plant and equipment (note 6)	293,161	163,486
Research and development expenses	223,083	47,929
Impairment losses on property, plant and equipment (note 6)	171,838	—
Impairment losses on right-of-use assets	21,793	—
Depreciation of right-of-use assets	169,869	68,918
Professional fees	105,253	94,719
Office expenses	87,614	74,438
Tax and other levies	79,592	129,582
Operating lease rentals for rented premises and machineries	44,714	53,842
Transportation expenses	37,485	37,030
Legal expenses	30,676	11,989
Raw materials and consumables used	15,837	44,520
Amortisation of intangible assets (note 9)	14,852	366,884
Write-down of inventories	8,873	—
Utility fees	8,562	8,935
Changes in inventories of finished goods and work in progress	5,559	97,095
Others	43,678	13,367
Total cost of sales, selling and marketing costs and administrative costs	10,215,969	5,399,406

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

25 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Overdue fine	(278,809)	—
Forfeited land deposits	(159,300)	—
Investment loss from disposal of financial assets at fair value through profit or loss (note 17)	(154,354)	—
Exchange (losses)/gains	(45,393)	40,056
Government grants	20,503	37,242
Others	(41,162)	(13,403)
	(658,515)	63,895

26 FINANCE COSTS — NET

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 INCOME TAX EXPENSES

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

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

Hong Kong profits tax

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

PRC corporate income tax

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

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

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

PRC land appreciation tax

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

28 DIVIDENDS

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

29 LOSS PER SHARE

(a) Basic

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

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

(b) Diluted

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end but not yet incurred is as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Acquisition of right-of-use assets, property, plant and equipment and intangible assets	18,259,857	15,432,486

(b) Non-cancellable operating leases

The investment properties are leased to tenants under operating leases with rentals payable monthly. For details of the leasing arrangements, refer to below:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Minimum lease payments receivable on leases of investment properties are as follows:		
Within one year	2,669	1,244
In the first to second year	1,781	1,250
In the second to third year	972	656
In the third to fourth year	793	689
	6,215	3,839

(c) Lease commitments

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

	30 June 2021 RMB'000	31 December 2020 RMB'000
No later than one year	29,530	17,169
Later than one year and not later than five years	5,267	395
	34,797	17,564

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

31 FINANCIAL GUARANTEE

	30 June 2021 RMB'000	31 December 2020 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's property units	21,725,468	13,201,392

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.

32 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

The Group is controlled by China Evergrande Group, which owns 64.98% of the Company's shares. 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 controlling company
Evergrande Health Industry Holdings Limited	Parent company
Evergrande Life Insurance Co., Ltd.	Joint venture of the Group's holding company
Guoheng Smart Energy Services Co., Ltd.	Joint venture of the Group's holding company
Century Cultural Tourism Co., Ltd.	Joint venture of the Group's holding company
Guangxi Fusui Hengjiu Real Estate Development Co., Ltd.	Joint venture of the Group's holding company
Shenyang Hengliao Tourism Development Co., Ltd.	Joint venture of the Group's holding company
Shanghai Hongyuan Shengshi Investment Development Co., Ltd.	Joint venture of the Group's holding company
Guangzhou Football Club Co., Ltd.	Joint venture of the Group's holding company
Guangzhou Nansha Hengjun Cultural Tourism Development Co., Ltd.	Joint venture of the Group's holding company
Chuzhou Hengsheng Tourism Development Co., Ltd.	Joint venture of the Group's holding company
Henan Evergrande Sofia Home Furnishing Co., Ltd.	Joint venture of the Group's holding company
Guangxi Fusui Hengyong Real Estate Development Co., Ltd.	Joint venture of the Group's holding company
Guangzhou Yingqian Culture Media Co., Ltd.	Associate of the Group's holding company

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32 RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Shengjing Bank Co., Ltd.	Associate of the Group's holding company
Evergrande Property Services Group Limited	Fellow subsidiary
Guangdong Meihuan Investment Co., Ltd.	Fellow subsidiary
Shenzhen Fangchebao Sales Co., Ltd.	Fellow subsidiary
Shenzhen Fangchebao Information Technology Co., Ltd.	Fellow subsidiary
Yunnan Yuxing Zhongtian Real Estate Development Co., Ltd.	Fellow subsidiary
Guiyang Jiaxin Yiheng Tourism Development Co., Ltd.	Fellow subsidiary
Guiyang Evergrande Kaiyuan Tourism Development Co., Ltd.	Fellow subsidiary
Guiyang Evergrande Yaojia Tourism Development Co., Ltd.	Fellow subsidiary
Guiyang Evergrande Yushun Tourism Development Co., Ltd.	Fellow subsidiary
Guiyang Evergrande Dexiang Tourism Development Co., Ltd.	Fellow subsidiary
Guiyang Evergrande Honglu Tourism Development Co., Ltd.	Fellow subsidiary
Gui'an New Area Evergrande Huading Tourism Development Co., Ltd.	Fellow subsidiary
Lu'an Hengrui Tourism Development Co., Ltd.	Fellow subsidiary
Wuhan Badengcheng Investment Co., Ltd.	Fellow subsidiary
Evergrande Tourism Group Co., Ltd.	Fellow subsidiary
Guangzhou Wenlvcheng Tourism Development Co., Ltd.	Fellow subsidiary
Gongzhuling Minghui Real Estate Development Co., Ltd.	Fellow subsidiary
Shenyang Hengda Real Estate Development Co., Ltd.	Fellow subsidiary
Changsha Evergrande Children's World Theme Park Tourism Development Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Nanjing Real Estate Co., Ltd.	Fellow subsidiary
Evergrande Charging Technology Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Co., Ltd.	Fellow subsidiary
Evergrande Garden Group Co., Ltd.	Fellow subsidiary
Enping Oolishang Real Estate Development Co., Ltd.	Fellow subsidiary
Guangzhou Pinyan Catering Business Management Co., Ltd.	Fellow subsidiary
Tianjin Donglihu Evergrande Hotel Co., Ltd.	Fellow subsidiary
Hefei Yuecheng Real Estate Co., Ltd.	Fellow subsidiary
Foshan Shunde Xiecheng Real Estate Co., Ltd.	Fellow subsidiary
Dongguan Hengzhan Real Estate Development Co., Ltd.	Fellow subsidiary
Shanghai Jingqi Real Estate Development Co., Ltd.	Fellow subsidiary
Shenzhen Evergrande Material and Equipment Co., Ltd.	Fellow subsidiary
Evergrande High Technology Group Co., Ltd.	Fellow subsidiary
Evergrande Smart Technology Co., Ltd.	Fellow subsidiary
Evergrande Smart Charging Technology Co., Ltd.	Fellow subsidiary
Evergrande Shenzhen Hong Kong Dingye Management Co., Ltd.	Fellow subsidiary
Foshan Chancheng Hengyingzhan Real Estate Development Co., Ltd.	Fellow subsidiary
Guangzhou Panyu Ruisen Sports Co., Ltd.	Fellow subsidiary

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32 RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Kashgar Evergrande High Technology Agriculture Co., Ltd.	Fellow subsidiary
Hong'an Hengkai Tourism Development Co., Ltd.	Fellow subsidiary
Guangzhou Jiasui Real Estate Co., Ltd.	Fellow subsidiary
Guangzhou Evergrande Material and Equipment Co., Ltd.	Fellow subsidiary
Guangzhou Hengqian Material and Equipment Co., Ltd.	Fellow subsidiary
Guiyang Evergrande Children's World Theme Park Tourism Development Co., Ltd.	Fellow subsidiary
Tianjin Evergrande Hotel Co., Ltd.	Fellow subsidiary
Hainan Hengqian Material and Equipment Co., Ltd.	Fellow subsidiary
Kunming Children's World Theme Park Tourism Development Co., Ltd.	Fellow subsidiary
Cangzhou Evergrande Children's World Theme Park Tourism Development Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Guangdong Real Estate Development Co., Ltd.	Fellow subsidiary
Guangzhou Kuiyun Enterprise Management Consulting Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Zhengzhou Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group (Shenyang) Investment Co., Ltd.	Fellow subsidiary
Shenyang Children's World Theme Park Tourism Development Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Guiyang Real Estate Co., Ltd.	Fellow subsidiary
Nanjing Meixu Real Estate Development Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Urumqi Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Nanning Co., Ltd.	Fellow subsidiary
Guangzhou Evergrande Hotel Co., Ltd.	Fellow subsidiary
Chengdu Jintang Evergrande Hotel Co., Ltd.	Fellow subsidiary
Guangzhou Yuelang Investment Co., Ltd.	Fellow subsidiary
Guiyang EvergrandeTongmengtiandi Tourism Development Co., Ltd.	Fellow subsidiary
Nanjing Xutai Real Estate Development Co., Ltd.	Fellow subsidiary
Nanjing Shengzhi Trading Co., Ltd.	Fellow subsidiary
Changsha Jinrui Properties Co., Ltd.	Fellow subsidiary
Hunan Hengchen Real Estate Co., Ltd.	Fellow subsidiary
Huai'an Jiaxin Real Estate Co., Ltd.	Fellow subsidiary
Nantong Shengjian Real Estate Co., Ltd.	Fellow subsidiary
Xinjiang Evergrande Tourism Development Co., Ltd.	Fellow subsidiary
Hangzhou Suihua Real Estate Co., Ltd.	Fellow subsidiary
Henan Henghan Tourism Development Co., Ltd.	Fellow subsidiary
Evergrande Real Estate Group Yinchuan Co., Ltd.	Fellow subsidiary
Hong'an Guangheng Tourism Development Co., Ltd.	Fellow subsidiary

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32 RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship with related parties (Continued)

Name	Relationship
Hong'an Yuanxin Tourism Development Co., Ltd.	Fellow subsidiary
Hong'an Yiheng Tourism Development Co., Ltd.	Fellow subsidiary
Nanjing Handian Real Estate Development Co., Ltd.	Fellow subsidiary
Danzhou Xianglei Investment Co., Ltd.	Fellow subsidiary
Evergrande Group Co., Ltd.	Fellow subsidiary
Chongqing Fangchebao Information Technology Co., Ltd.	Fellow subsidiary
Guiyang New World Real Estate Co., Ltd.	Fellow subsidiary
Jinhua Henghe Real Estate Co., Ltd.	Joint venture
Hengning Health Industry Nanjing Co., Ltd.	Joint venture
Shangrao Hengjun Health Industry Co., Ltd.	Joint venture
Jiangyin Hengpeng Real Estate Co., Ltd.	Joint venture
Wuxi Weifu Electric Drive Technology Co., Ltd.	Joint venture
Hohhot Henghong Real Estate Development Co., Ltd.	Associate
Yunnan Jialize Towards Physical Culture Development Co., Ltd.	Associate
Jilin Baolijia Real Estate Development Co., Ltd.	Associate
Yunnan Jialize Horse Industry Co., Ltd.	Associate

(b) Significant transactions with related parties

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

During six months ended 30 June 2021 and 2020, 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	
	2021 RMB'000	2020 RMB'000
Borrowings guaranteed by intermediate controlling company	19,076,727	30,606,605
Interest charged by intermediate controlling company	959,199	1,346,730
Payment of integrated insurance procurement to joint venture of the Group's holding company	60,738	126,852
Interest charged by joint venture of the Group's holding company	130,929	139,594
Interest charged by an associate of the Group's holding company	21,423	11,308
Sales of materials to joint ventures of the Group	41,483	—
Payment of advertising expenses to a joint venture of the Group's holding company	111,178	—
Payment of property management services to fellow subsidiaries	94,873	—
Payment of sales commission to fellow subsidiaries	14,025	—
Miscellaneous charges and fees	1,195	1,712

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32 RELATED PARTY TRANSACTIONS (Continued)

(b) Significant transactions with related parties (continued)

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

As at 30 June 2021 and 31 December 2020, the Group had the following significant non-trade balances with related parties:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Due from related parties (note 11)		
Fellow subsidiaries	4,589,877	2,918,795
Associates	721,620	3,221
Joint ventures	33,020	382,920
Parent company	16,073	16,252
Joint venture of the Group's holding company	10,075	28,674
	5,370,665	3,349,862
Cash deposits in associate of the Group's holding company	677,402	1,234,950
Due to related parties (note 21)		
Fellow subsidiaries	13,256,678	623,491
Joint ventures	1,749,809	1,373,451
Associates	1,095,214	68,399
Intermediate controlling company	870,683	768,232
Joint venture of the Group's holding company	16,244	762
	16,988,628	2,834,335
Trade and notes payable (note 21):		
A Joint venture of the Group's holding company	138,074	30,000
Fellow subsidiaries	39,794	7,925
	177,868	37,925
Loans from related parties:		
Intermediate controlling company (note 23)	6,751,129	38,417,895
Joint ventures of the Group's holding company	1,960,000	1,960,000
An associate of the Group's holding company	641,895	150,286
	9,353,024	40,528,181
Interest payable to related parties (note 21)		
Intermediate controlling company	4,646,939	3,724,731
Joint ventures of the Group's holding company	56,851	32,400
An associate of the Group's holding company	—	10,187
	4,703,790	3,767,318

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

32 RELATED PARTY TRANSACTIONS (Continued)

(b) Significant transactions with related parties (continued)

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

The receivables arise mainly from cash advance to fellow subsidiaries and joint ventures 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 2020: nil).

The payables arise mainly from cash advance from fellow subsidiaries. The payables bear no interest (31 December 2020: 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	
	2021 RMB'000	2020 RMB'000
Short-term benefits	23,691	11,684
Contribution to a retirement benefit scheme	140	54
Share-based compensation	67,575	—
	91,406	11,738

33 NON-CONTROLLING INTERESTS

The movements of non-controlling interests were as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Balance as at 1 January	212,134	6,204,869
Loss for the period	(34,729)	(182,963)
Exchange difference	—	(87,415)
Capital injection (note (i))	818,029	1,009,227
Changes in ownership interests in subsidiaries without change of control	—	(5,174,241)
	995,434	1,769,477

(i) Capital injection

During the six months ended 30 June 2021, the Group has received capital injections from non-controlling interests totaling RMB818,029,000.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

34 SUBSEQUENT EVENT

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

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

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

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

- Active settlement of part of the payables to the suppliers and the construction fee with health and living projects, which amounted to approximately RMB1.19 billion; and
- Proactively introducing investors, including negotiation for further capital contribution;

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

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

In the event that the Group is unable to timely implement the above measures, maintain existing financing and/or obtain necessary new financing, the liquidity of the Group may be further adversely affected, and the Group's loans may be subject to the risk of default and there may be disputes that may have a material adverse impact on the Group.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.