豐盛
FULLSHARE

Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00607

Interim Report 2022

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Independent review report to the board of directors of
Fullshare Holdings Limited
豐盛控股有限公司
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements of Fullshare Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 5 to 84, which comprises the interim condensed consolidated statement of financial position as at 30 June 2022, and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months then ended and notes to the interim condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim condensed consolidated financial statements and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Independent Review Report

SCOPE OF REVIEW

Except as explained in the following paragraphs, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim condensed consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BASIS OF QUALIFIED CONCLUSION

As detailed in Note 16 to the interim condensed consolidated financial statements, the Group holds certain equity interests in two associates, namely Changzhou Jiangheng Real Estate Development Co. Ltd. and Yangzhou Hengfu Real Estate Development Co. Ltd. (collectively the "**China Evergrande Group Companies**"). The investments in associates are recognised under equity method in the Group's consolidated financial statements. During the year ended 31 December 2021, the Group has fully impaired the investments in China Evergrande Group Companies based on management's best estimates on the recoverable amounts of the relevant equity interests.

The directors of the Company have represented to us that, management of the China Evergrande Group Companies refused to grant access to books and records and the supporting documents and financial information relating to the carrying amount of the investments in China Evergrande Group Companies to the Group since August 2021. As set out in our auditor's report dated 31 March 2022 on the Group's consolidated financial statements for the year ended 31 December 2021, we qualified our opinion due to the scope limitation of audit in relation to the carrying amount of the Group's investments in associates and the corresponding share of results of the associates and impairment losses on investments in associates as we were unable to obtain sufficient appropriate audit evidence on whether any adjustments were necessary to be made on these amounts which would have a consequential impact on the Group's net assets as at 31 December 2021 and the Group's loss for the year then ended. This matter has not been resolved during the six months ended 30 June 2022 and up to the date to this review report, and the directors of the Company continue to be unable to obtain access to the above information. Based on limited information made available to the management, the Group did not recognise any share of results from these associates or reversal of impairment losses on investments in associates for the six months ended 30 June 2022.

Independent Review Report

BASIS OF QUALIFIED CONCLUSION (continued)

Due to lack of available information, we were unable to complete our review procedures on the carrying amount of the investments in China Evergrande Group Companies and the share of results of these associates included in these interim condensed consolidated financial statements. Had we been able to complete these review procedures, matters might have come to our attention indicating adjustments might be necessary to these interim condensed consolidated financial statements. Any adjustments found to be necessary in respect of the above amounts would have a consequential impact on the Group's net assets as at 30 June 2022 and 31 December 2021 and the Group's profit for the six months ended 30 June 2022.

QUALIFIED CONCLUSION

Based on our review, except for the possible effects of the matters described in the "Basis of qualified conclusion" section of our report, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements for the six months ended 30 June 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim Financial Reporting*.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Hong Kong, 31 August 2022
Gao Yajun
Practising certificate number P06391

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022
(Expressed in Renminbi)

	Note	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) (Restated) RMB'000
Continuing operations			
Revenue	5, 6	**9,980,131**	10,911,503
Cost of sales and services provided	10	**(8,526,813)**	(9,034,803)
Gross profit		**1,453,318**	1,876,700
Selling and distribution expenses	10	**(230,530)**	(239,285)
Administrative expenses	10	**(407,720)**	(755,514)
Research and development costs	10	**(365,701)**	(451,007)
Net reversal of/(provision for) impairment losses on financial assets and financial guarantee contracts	3(ii)(e)	**914,741**	(227,260)
Other income	8	**209,139**	306,462
Net fair value changes in financial instruments	7	**(862,677)**	(513,976)
Other gains – net	9	**81,710**	69,034
Operating profit		**792,280**	65,154
Finance costs	11	**(379,175)**	(275,726)
Share of results of joint ventures		**9,131**	17,119
Share of results of associates		**(858)**	(18,431)
Profit/(loss) before tax		**421,378**	(211,884)
Income tax expenses	12	**(356,855)**	(160,672)
Profit/(loss) for the period from continuing operations		**64,523**	(372,556)
Profit for the period from discontinued operation	28	**141,573**	6,748
Profit/(loss) for the period		**206,096**	(365,808)

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2022
(Expressed in Renminbi)

		For the six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
			(Restated)
	Note	**RMB'000**	RMB'000
Other comprehensive loss for the period:			
Items that may be reclassified to profit or loss:			
– Release of exchange reserve upon disposal of a subsidiary		**–**	(192,753)
– Release of exchange reserve upon disposal of discontinued operation		**(11,552)**	–
– Exchange differences on translation of foreign operations		**(36,097)**	21,420
– Changes in fair value of debt instruments at fair value through other comprehensive income		**11,636**	3,207
– Income tax relating to these items		**(1,400)**	(507)
		(37,413)	(168,633)
Items that will not be reclassified to profit or loss:			
– Changes in fair value of equity instruments at fair value through other comprehensive income		**(83,106)**	(118,821)
– Income tax relating to these items		**16,810**	34,484
		(66,296)	(84,337)
Other comprehensive loss for the period, net of tax		**(103,709)**	(252,970)
Total comprehensive income/(loss) for the period		**102,387**	(618,778)

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2022
(Expressed in Renminbi)

	Note	For the six months ended 30 June **2022** **(Unaudited)** **RMB'000**	2021 (Unaudited) (Restated) RMB'000
Profit/(loss) for the period attributable to:			
– Equity shareholders of the Company		**46,723**	(581,187)
– Non-controlling interests		**159,373**	215,379
		206,096	(365,808)
Profit/(loss) for the period attributable to equity shareholders of the Company arises from:			
– Continuing operations		**(94,776)**	(587,713)
– Discontinued operation		**141,499**	6,526
		46,723	(581,187)
Total comprehensive income/(loss) for the period attributable to:			
– Equity shareholders of the Company		**(66,270)**	(805,380)
– Non-controlling interests		**168,657**	186,602
		102,387	(618,778)
Total comprehensive income/(loss) for the period attributable to equity shareholders of the Company arises from:			
– Continuing operations		**(209,819)**	(801,623)
– Discontinued operation		**143,549**	(3,757)
		(66,270)	(805,380)

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the six months ended 30 June 2022
(Expressed in Renminbi)

	Note	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) (Restated) RMB'000
Loss per share for loss from continuing operations attributable to the equity shareholders of the Company			
(expressed in RMB)	14		
Basic and diluted loss per share		**RMB(0.005)**	RMB(0.030)
Earnings/(loss) per share for profit/(loss) attributable to the equity shareholders of the Company			
(expressed in RMB)	14		
Basic and diluted earnings/(loss) per share		**RMB0.002**	RMB(0.030)

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022
(Expressed in Renminbi)

	Note	**30 June 2022 (Unaudited) RMB'000**	31 December 2021 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	15	**7,239,496**	6,357,430
Investment properties		**5,048,701**	5,050,852
Right-of-use assets	15	**1,080,032**	1,352,508
Goodwill		**1,503,818**	1,880,169
Other intangible assets		**324,108**	359,018
Investments in joint ventures		**293,339**	281,468
Investments in associates	16	**376,166**	325,254
Financial assets at fair value through other comprehensive income	18	**2,440,869**	2,889,286
Financial assets at fair value through profit or loss	17	**414,841**	402,124
Loans receivables	19(i)	**149,522**	46,837
Other financial assets at amortised cost	19(iii)	**466,104**	1,077,605
Other receivables	19(ii)	**147,714**	1,623
Prepayments		**47,549**	47,549
Deferred tax assets		**817,444**	776,758
		20,349,703	20,848,481

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)
as at 30 June 2022
(Expressed in Renminbi)

	Note	**30 June 2022 (Unaudited) RMB'000**	31 December 2021 (Audited) RMB'000
Current assets			
Inventories		**5,819,869**	5,210,362
Trade receivables	20	**5,867,064**	4,471,744
Loans receivables	19(i)	**1,588,868**	1,395,998
Prepayments		**1,680,484**	1,451,285
Other receivables	19(ii)	**2,348,819**	1,722,823
Other financial assets at amortised cost	19(iii)	**625,038**	–
Income tax prepaid		**18,244**	12,272
Financial assets at fair value through other comprehensive income	18	**2,895,400**	3,332,234
Financial assets at fair value through profit or loss	17	**596,683**	845,913
Properties under development		**858,033**	811,872
Properties held for sale		**111,459**	112,809
Restricted cash	21	**3,619,563**	1,911,407
Cash and cash equivalents	21	**5,579,164**	3,473,102
		31,608,688	24,751,821
Current liabilities			
Trade and bills payables	22	**7,926,962**	7,014,932
Other payables and accruals	23	**2,841,060**	4,344,394
Contract liabilities		**1,001,487**	872,789
Derivative financial instruments		**2,688,011**	1,825,964
Lease liabilities		**11,016**	46,805
Bank and other borrowings	24	**8,097,378**	7,357,209
Income tax payable		**730,538**	808,311
Warranty provision		**1,035,750**	863,250
Deferred income		**11,789**	14,242
Written put option liability	27(b)	**4,384,115**	–
		28,728,106	23,147,896

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)
as at 30 June 2022
(Expressed in Renminbi)

	Note	**30 June 2022 (Unaudited) RMB'000**	31 December 2021 (Audited) RMB'000
Net current assets		**2,880,582**	1,603,925
Total assets less current liabilities		**23,230,285**	22,452,406
Non-current liabilities			
Bank and other borrowings	24	**3,046,309**	1,936,872
Deferred income		**292,859**	200,477
Lease liabilities		**8,588**	307,953
Warranty provision		**886,612**	848,784
Deferred tax liabilities		**1,172,829**	1,162,465
		5,407,197	4,456,551
Net assets		**17,823,088**	17,995,855
Capital and reserves			
Share capital	25	**186,100**	160,872
Reserves		**12,026,958**	14,019,807
Equity attributable to equity shareholders of the Company		**12,213,058**	14,180,679
Non-controlling interests		**5,610,030**	3,815,176
Total equity		**17,823,088**	17,995,855

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company													
	Note	Share capital RMB'000	Equity reserve RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Merger reserve RMB'000	Employee share trust reserve RMB'000	Other reserve RMB'000	Investment revaluation reserve RMB'000	Reverse acquisition reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022 (Audited)		160,872	422,833	17,071,916	762,788	31,777	(35,258)	(59,525)	(661,340)	(390,381)	60,805	(3,183,808)	14,180,679	3,815,176	17,995,855
Profit for the period		-	-	-	-	-	-	-	-	-	-	46,723	46,723	159,373	206,096
Other comprehensive (loss)/income for the period															
– Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax		-	-	-	-	-	-	-	7,565	-	-	-	7,565	2,671	10,236
– Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax		-	-	-	-	-	-	-	(70,521)	-	-	-	(70,521)	4,225	(66,296)
– Release of exchange reserve upon disposal of discontinued operation	28	-	-	-	-	-	-	-	-	-	(11,552)	-	(11,552)	-	(11,552)
– Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	-	(38,485)	-	(38,485)	2,388	(36,097)
Total comprehensive (loss)/income for the period		-	-	-	-	-	-	-	(62,956)	-	(50,037)	46,723	(66,270)	168,657	102,387
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-	30,412	-	-	(30,412)	-	-	-
Disposal of discontinued operation	28	-	-	-	-	-	-	-	-	-	-	-	-	(3,775)	(3,775)
Partial disposal of interests in a subsidiary without loss of control	27	-	-	-	-	-	-	(2,153,636)	-	-	-	-	(2,153,636)	1,629,972	(523,664)
New shares issued under share placing	25	25,228	-	227,057	-	-	-	-	-	-	-	-	252,285	-	252,285
At 30 June 2022 (Unaudited)		186,100	422,833	17,298,973	762,788	31,777	(35,258)	(2,213,161)	(693,884)	(390,381)	10,768	(3,167,497)	12,213,058	5,610,030	17,823,088

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(continued)

For the six months ended 30 June 2021

(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company													
		Share capital RMB'000	Equity reserve RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Merger reserve RMB'000	Employee share trust reserve RMB'000	Other reserve RMB'000	Investment revaluation reserve RMB'000	Reverse acquisition reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021 (Audited)		160,872	422,833	17,071,916	667,647	31,777	(35,258)	(70,672)	(448,244)	(390,381)	200,753	(435,542)	17,175,701	3,621,279	20,796,980
(Loss)/profit for the period		–	–	–	–	–	–	–	–	–	–	(581,187)	(581,187)	215,379	(365,808)
Other comprehensive (loss)/income for the period															
– Changes in fair value of debt investments at fair value through other comprehensive income, net of tax		–	–	–	–	–	–	–	1,995	–	–	–	1,995	705	2,700
– Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		–	–	–	–	–	–	–	(55,847)	–	–	–	(55,847)	(28,490)	(84,337)
– Release of exchange reserve upon disposal of a subsidiary		–	–	–	–	–	–	–	–	–	(192,753)	–	(192,753)	–	(192,753)
– Exchange differences on translation of foreign operations		–	–	–	–	–	–	–	–	–	22,412	–	22,412	(992)	21,420
Total comprehensive (loss)/income for the period		–	–	–	–	–	–	–	(53,852)	–	(170,341)	(581,187)	(805,380)	186,602	(618,778)
Disposal of financial assets at fair value through other comprehensive income		–	–	–	–	–	–	–	(35,768)	–	–	55,283	19,515	(19,515)	–
Disposal of subsidiaries		–	–	–	–	–	–	–	–	–	–	–	–	(30,699)	(30,699)
Dividends to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	–	–	(89,302)	(89,302)
At 30 June 2021 (Unaudited)		160,872	422,833	17,071,916	667,647	31,777	(35,258)	(70,672)	(537,864)	(390,381)	30,412	(961,446)	16,389,836	3,668,365	20,058,201

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2022
(Expressed in Renminbi)

	Note	**For the six months ended 30 June 2022 (Unaudited) RMB'000**	2021 (Unaudited) RMB'000
Cash flows from operating activities			
Profit/(loss) before tax		**563,970**	(201,815)
Adjustments to reconcile profit before tax to net cash flows		**362,824**	1,494,076
Total working capital adjustments		**(602,461)**	(813,191)
Net cash generated from operations		**324,333**	479,070
Income taxes paid		**(170,893)**	(246,430)
Net cash generated from operating activities		**153,440**	232,640
Cash flows from investing activities			
Extension interest received		**115,491**	–
Interest received		**58,264**	50,458
Placement of pledged bank deposits		**(5,556,832)**	(4,481,697)
Withdrawal of pledged bank deposits		**3,870,507**	3,303,840
Investments in structured bank deposits		**(55,000)**	(355,000)
Redemption of structured bank deposits		**226,889**	450,996
Purchases of financial assets at fair value through other comprehensive income		**(30,000)**	(600,000)
Proceeds from disposal and capital refund of financial assets at fair value through other comprehensive income		**446,256**	146,067
Purchases of financial assets at fair value through profit or loss		**(81,777)**	–
Proceeds from disposal of financial assets at fair value through profit or loss		**–**	2,194
Purchases of items of property, plant and equipment		**(1,155,406)**	(633,135)

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

for the six months ended 30 June 2022
(Expressed in Renminbi)

	Note	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Proceeds from disposal of items of property, plant and equipment		**11,801**	17,097
Payments for land leases deposits		**(20,806)**	(50,730)
Receipt of government grants		**97,717**	2,735
Proceeds from disposal of investment properties		**2,040**	–
Acquisition of a subsidiary	26	**(6,840)**	–
Net cash inflows from disposal of subsidiaries		**–**	121,911
Net cash inflow from disposal of discontinued operation	28	**132,574**	–
Receipt of consideration receivables		**–**	135,500
Capital return from an associate	16	**53,693**	–
Capital withdrawal from a joint venture		**–**	846
Earnest money paid for Revised Forward Purchase Agreement		**(729,100)**	–
Other investment income received		**32**	23,604
Refund of refundable earnest deposit received		**(183,672)**	–
Loans and other receivables granted		**(225,000)**	(50,000)
Receipt of loans and other receivables		**752,294**	959,219
Net cash used in investing activities		**(2,276,875)**	(956,095)

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

for the six months ended 30 June 2022
(Expressed in Renminbi)

	Note	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Cash flows from financing activities			
New bank and other borrowings raised		**5,683,025**	3,117,398
Repayment of bank and other borrowings		**(3,873,048)**	(2,334,158)
Capital element of lease rental paid		**(17,865)**	(22,689)
Interest element of lease rental paid		**(6,432)**	(11,510)
Interest paid		**(308,249)**	(254,783)
Proceeds from placing of new shares		**252,285**	–
Consideration received for partial disposal of a subsidiary without loss of control	27	**3,300,000**	1,000,000
Income tax paid on partial disposal of interest in a subsidiary without loss of control	27	**(838,804)**	–
Net cash generated from financing activities		**4,190,912**	1,494,258
Net increase in cash and cash equivalents		**2,067,477**	770,803
Cash and cash equivalents at the beginning of the period		**3,473,102**	2,490,570
Net effect of foreign exchange rate changes		**38,585**	(3,778)
Cash and cash equivalents at end of the period		**5,579,164**	3,257,595

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

Interim Condensed Consolidated Financial Statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi)

1 GENERAL INFORMATION

Fullshare Holdings Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is Unit 2805, Level 28, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**").

The Company is an investment holding company. The Company and its subsidiaries are referred to as the "Group" hereinafter. The Group is principally engaged in the following principal activities:

- Properties – investment, development and sale of properties, and provision of construction related services;
- Tourism – hotel operations, sale of tourist goods and provision of related services;
- Investment and financial services – holding and investing in a variety of investments and financial products with potential or for strategic purposes including but not limited to listed and unlisted securities, bonds, funds, derivatives, structured and other treasury products; and rendering the investment and financial related consulting services;
- Healthcare, education and others – sale of healthcare and education products and provision of related services and sale of other products; and
- New energy – manufacture and sale of mechanical transmission equipment products and trade of goods.

During the six months ended 30 June 2022, as detailed in Note 28, the Group disposed of a subsidiary which represented a separate major line of the Group's education business in Australia and constituted a discontinued operation under HKFRS 5. Accordingly, the results of the discontinued operation were presented separately in the interim condensed consolidated statement of profit or loss and other comprehensive income. The comparative information relating to the discontinued operation has been re-presented to conform to the current period's presentation.

The interim condensed consolidated financial statements were approved for issue by the board of directors of the Company on 31 August 2022.

Interim Condensed Consolidated Financial Statements

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the SEHK.

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group's 2021 annual consolidated financial statements, except for the adoption of amendments to accounting policies, as set out in Note 2.1.

The preparation of interim condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim condensed consolidated financial statements contain interim condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group's 2021 annual consolidated financial statements. These interim condensed consolidated financial statements and notes thereon do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2021.

The interim condensed consolidated financial statements have been prepared on a going concern basis, although the Group has experienced the committed repayments of Earnest Money (Note 23(a)) and certain overdue borrowings (Note 24(b) & (c)). The management of the Company has closely monitored the liquidity risk and considered the risk is under control after taking into consideration the adequate collaterals to secure the relevant loan and financial position of the Group.

Interim Condensed Consolidated Financial Statements

2 BASIS OF PREPARATION (continued)

These interim condensed consolidated financial statements are unaudited, but have been reviewed by the Audit Committee. They have also been reviewed by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA.

2.1 New standards, amendments and interpretation adopted by the Group

In the current period, the Group has applied the following amendments to HKFRSs (the "**Amendments**") issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the Group's interim condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle

The application of the Amendments has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

A number of new standards and amendments to HKFRSs are published that are not mandatory to be adopted for annual period beginning on 1 January 2022 and early application is permitted. The Group has not early adopted any of the forthcoming new or amended HKFRSs in preparing these interim condensed consolidated financial statements.

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign currency risk and equity price risk), credit risk and liquidity risk. According to the Group's risk management policies, the financial risks shall be assessed continuously by the management, taking into account of the prevailing conditions of the financial market and other relevant variables to avoid excessive concentrations of risk. The Group has not used any derivatives or other instruments for hedging purpose. The most significant financial risks to which the Group is exposed are described below.

The interim condensed consolidated financial statements do 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 2021 annual consolidated financial statements.

(i) Equity price risk

The Group's equity price risk is exposed through its investments in listed equity securities and certain derivative financial instruments. The Group's equity price risk is mainly concentrated on equity instruments quoted in the SEHK, Shanghai Stock Exchange ("**SHSE**") and the NASDAQ Stock Market ("**NASDAQ**"). The Group closely monitors the equity price risk and will consider hedging the risk exposure should the need arise.

In addition, the Group also invested in certain unquoted investments for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

(ii) Credit risk

The Group has policies to limit the credit exposure on debt instruments measured at amortised cost or fair value through other comprehensive income ("**FVOCI**") and derivative financial assets. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial positions, the availability of guarantees from third parties, their credit history and other factors such as current market conditions. Management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

The Group has the following types of financial assets and other item that are subject to expected credit loss ("**ECL**") model:

- Cash and cash equivalents and restricted cash;
- Trade receivables;
- Financial assets at amortised cost (excluding trade receivables); and
- Bills receivables measured at FVOCI.

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the reporting period.

To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the end of the reporting period with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward-looking information, which include:

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

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

A financial asset is considered as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence may include but is not limited to significant financial difficulty of the issuer or the borrower, a breach of contract, such as a default or past due over 90 days, or it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation and so on. The management would assess and examine the balance individually.

(a) Trade receivables

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of lifetime ECL provision for trade receivables. To measure the ECL, trade receivables were grouped based on shared credit risk characteristics and days past due, unless for debtors that are credit-impaired, at which the collection of receivables are assessed individually.

For ECL assessed under the simplified approach, pursuant to which the expected loss rates are based on the payment profiles of sales over a period of 12 to 48 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and producer price index in which it sells goods, properties and renders services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

(a) Trade receivables (continued)

On that basis, the ECL provision as at 30 June 2022 and 31 December 2021 was determined as follows:

As at 30 June 2022 (Unaudited)	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 4 years RMB'000	More than 4 years RMB'000	Total RMB'000
ECL rate	1.40%	27.01%	48.65%	74.06%	100.00%	6.91%
Gross carrying amount under ECL model (excluding those debtors of which 100% loss allowances have been specifically provided)	5,575,806	452,412	60,661	30,279	183,584	6,302,742
Loss allowances under ECL model	(77,953)	(122,206)	(29,511)	(22,424)	(183,584)	(435,678)
100% loss allowances specifically provided	(629)	(4,025)	–	(28,065)	(166,652)	(199,371)
Loss allowances	(78,582)	(126,231)	(29,511)	(50,489)	(350,236)	(635,049)
Net carrying amount	5,497,853	330,206	31,150	7,855	–	5,867,064

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

(a) Trade receivables (continued)

As at 31 December 2021 (Audited)	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 4 years RMB'000	More than 4 years RMB'000	Total RMB'000
ECL rate	1.76%	35.59%	47.61%	88.95%	100.00%	8.21%
Gross carrying amount under ECL model (excluding those debtors of which 100% loss allowances have been specifically provided)	4,360,132	235,536	62,003	36,287	177,925	4,871,883
Loss allowances under ECL model	(76,594)	(83,823)	(29,518)	(32,279)	(177,925)	(400,139)
100% loss allowances specifically provided	(5,759)	(87,099)	(1,529)	(21,810)	(89,357)	(205,554)
Loss allowances	(82,353)	(170,922)	(31,047)	(54,089)	(267,282)	(605,693)
Net carrying amount	4,283,538	151,713	32,485	4,008	–	4,471,744

The provision for loss allowance were recognised in profit or loss in net impairment losses on financial assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

(b) Financial assets at amortised cost (excluding trade receivables)

Financial assets at amortised cost (excluding trade receivables) include loans receivables, other receivables and other financial assets at amortised cost.

The Group uses three categories for financial assets at amortised cost (excluding trade receivables) which reflect their credit risk and how the expected credit loss provision is determined for each of those categories. The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers both historical loss rates and forward-looking macroeconomic data. A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Expected credit loss rate
Stage one	Debtors have a low risk of default and a strong capacity to meet contractual cash flows, or debtors frequently repay after due dates but usually settle in full	12 month expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime	0% – 20%
Stage two	There have been significant increase in credit risk since initial recognition through information developed internally or externally sources	Lifetime expected credit losses	20% – 55%
Stage three	There is evidence indicating the receivable is credit impaired	Lifetime expected credit losses	55% – 100%

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

(b) Financial assets at amortised cost (excluding trade receivables) (continued)

As at 30 June 2022 and 31 December 2021, the Group provided for the following ECL provision against financial assets at amortised cost (excluding trade receivables):

As at 30 June 2022 (Unaudited)	ECL rate	Gross carrying amount RMB'000	ECL provision RMB'000	Carrying amount (net of provision for loss allowances) RMB'000
Loans receivables (Note)	27.15%	2,386,310	(647,920)	1,738,390
Other receivables	18.23%	3,053,027	(556,494)	2,496,533
Other financial assets at amortised cost	0.33%	1,094,758	(3,616)	1,091,142
		6,534,095	(1,208,030)	5,326,065

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

(b) Financial assets at amortised cost (excluding trade receivables) (continued)

As at 31 December 2021 (Audited)	ECL rate	Gross carrying amount RMB'000	ECL provision RMB'000	Carrying amount (net of provision for loss allowances) RMB'000
Loans receivables	52.78%	3,055,623	(1,612,788)	1,442,835
Other receivables	24.19%	2,274,609	(550,163)	1,724,446
Other financial assets at amortised cost	0.10%	1,078,641	(1,036)	1,077,605
		6,408,873	(2,163,987)	4,244,886

Note:

The expected loss rate for loans receivables decreased in a greater extent due to the repayments of certain overdue loans during the six months ended 30 June 2022.

The Group is actively liaising with the borrowers including fixing the repayment plans and requesting additional securities on these borrowings, and closely monitor the financial performance and position of the borrowers in order to protect the interests of the Group and minimise the credit risk exposures.

Overdue loan receivables of RMB556,500,000 is subsequently recovered up to the date of these interim condensed consolidated financial statements.

(c) Bills receivables measured at FVOCI

The Group expects that there is no significant credit risk associated with bills receivables since they are either held with state-owned banks or in medium to large size listed banks. Management does not expect that there will be any significant credit losses from non-performance by these counterparties.

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

(d) Financial assets at fair value through profit or loss ("FVPL")

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI or designated as FVOCI are measured at FVPL.

As at 30 June 2022, the Group was exposed to credit risk in relation to debt investments that are measured at FVPL. The debt investments which are unrated or credit rating below the pre-set levels have to be approved by the investment committee. The management regularly reviews and monitors the portfolio of debt securities.

The maximum exposure at the end of the reporting period is the carrying amount of these investments, which is RMB62,447,000 (31 December 2021: RMB402,218,000).

(e) For the six months ended 30 June 2022 and 2021, the summary of the net (reversal of)/provision for impairment losses on financial assets and financial guarantee contracts recognised in profit or loss was as follows:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
		(Restated)
	RMB'000	RMB'000
(Reversal of)/provision for impairment losses on:		
– Trade receivables	**40,724**	26,009
– Loans receivables	**(964,868)**	147,947
– Consideration receivables	**–**	(5,604)
– Other receivables	**6,823**	46,148
– Other financial assets at amortised cost	**2,580**	(87)
– Financial guarantee contracts	**–**	12,847
	(914,741)	227,260

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Management has assessed that the fair values of current portion of financial assets and financial liabilities recorded at amortised cost approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of financial assets and financial liabilities recorded at amortised cost have been calculated by discounting the expected future cash flow using rates currently available for instruments with similar terms, credit risk and remaining maturities and are not materially different to their carrying amounts. The Group's own non-performance risk for bank and other borrowings as at the end of the reporting period was assessed to be insignificant.

(a) Fair value hierarchy

The Group categorised its financial instruments measured at fair value at the end of each reporting period by the level in the fair value hierarchy as follows:

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

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 which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to measure the fair value of 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.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur. There were no transfers between level 1, level 2 and level 3 during the six months ended 30 June 2022 and year ended 31 December 2021.

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)

(a) Fair value hierarchy (continued)

The following tables present the financial assets and liabilities that are measured at fair value at 30 June 2022 and 31 December 2021:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2022 (Unaudited)				
Financial assets at FVOCI:				
– Listed equity instruments	104,457	–	–	104,457
– Unlisted equity investments	–	–	2,359,919	2,359,919
– Bills receivables	–	–	2,871,893	2,871,893
Financial assets at FVPL:				
– Unlisted equity investments	–	–	825,371	825,371
– Listed equity instruments	84,565	–	–	84,565
– Structured bank deposits	–	–	55,659	55,659
– Trade receivables measured at FVPL	–	–	6,788	6,788
– Derivative financial instruments	–	–	39,141	39,141
Financial liabilities at FVPL:				
– Derivative financial instruments	–	–	(2,688,011)	(2,688,011)
	189,022	–	3,470,760	3,659,782

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)

(a) Fair value hierarchy (continued)

The following tables present the financial assets and liabilities that are measured at fair value at 30 June 2022 and 31 December 2021: (continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2021 (Audited)				
Financial assets at FVOCI:				
– Listed equity instruments	89,623	–	–	89,623
– Unlisted equity investments	–	–	2,869,542	2,869,542
– Bills receivables	–	–	3,262,355	3,262,355
Financial assets at FVPL:				
– Unlisted equity investments	–	–	791,364	791,364
– Listed equity instruments	16,131	–	–	16,131
– Structured bank deposits	–	–	225,811	225,811
– Trade receivables measured at FVPL	–	–	176,407	176,407
– Derivative financial instruments	–	–	38,324	38,324
Financial liabilities at FVPL:				
– Derivative financial instruments	–	–	(1,825,964)	(1,825,964)
	105,754	–	5,537,839	5,643,593

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)

(b) Valuation techniques used to determine fair values

The fair values of listed equity investments measured as financial assets at FVPL and FVOCI were derived from quoted market prices in active markets. These investments are included in level 1 fair value hierarchy.

The management obtains valuation quotations from counterparties or uses valuation techniques to determine the fair values of financial instruments except as detailed above, including the discounted cash flow analysis, net asset value and market comparison approach, etc. The fair values of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore have been classified by the Group as level 3 fair value hierarchy. The unobservable inputs which may have impact on the valuation include weighted average cost of capital, liquidity discount, price to book ratio, rate of return and expected recovery date, etc.

(c) Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair values of the Group's certain financial instruments categorised as level 3 fair value hierarchy. The Group's finance department works closely with the independent valuers. Discussions of valuation processes and results were held between the finance department and the valuers at least once every six months.

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)

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

The following tables present the changes in level 3 fair value hierarchy items for the six months ended 30 June 2022 and year ended 31 December 2021:

	Financial assets at FVPL				Financial assets at FVOCI		
	Unlisted equity investments RMB'000	Trade receivables RMB'000	Structured bank deposits RMB'000	Derivative financial instruments RMB'000	Unlisted equity investments RMB'000	Bills receivables RMB'000	Total RMB'000
At 1 January 2022 (Audited)	**791,364**	**176,407**	**225,811**	**38,324**	**2,869,542**	**3,262,355**	**7,363,803**
Acquisitions	**–**	**201,821**	**55,000**	**–**	**–**	**4,239,958**	**4,496,779**
Disposals	**–**	**(372,401)**	**(226,889)**	**–**	**(400,000)**	**(4,642,056)**	**(5,641,346)**
Fair value gains recognised in profit or loss	**11,898**	**961**	**1,737**	**–**	**–**	**–**	**14,596**
Fair value (losses)/gains recognised in other comprehensive income	**–**	**–**	**–**	**–**	**(109,623)**	**11,636**	**(97,987)**
Exchange differences	**22,109**	**–**	**–**	**817**	**–**	**–**	**22,926**
At 30 June 2022 (Unaudited)	**825,371**	**6,788**	**55,659**	**39,141**	**2,359,919**	**2,871,893**	**6,158,771**

	Financial assets at FVPL				Financial assets at FVOCI		
	Unlisted equity investments RMB'000	Trade receivables RMB'000	Structured bank deposits RMB'000	Derivative financial instruments RMB'000	Unlisted equity investments RMB'000	Bills receivables RMB'000	Total RMB'000
At 1 January 2021 (Audited)	779,273	185,269	320,045	40,179	2,860,708	3,422,363	7,607,837
Acquisitions	–	1,332,822	360,000	–	600,000	9,610,817	11,903,639
Disposals	–	(1,340,294)	(460,960)	–	(330,269)	(9,764,273)	(11,895,796)
Fair value gains/(losses) recognised in profit or loss	23,348	(1,390)	6,726	–	–	–	28,684
Fair value losses recognised in other comprehensive income	–	–	–	–	(260,897)	(6,552)	(267,449)
Exchange differences	(11,257)	–	–	(1,855)	–	–	(13,112)
At 31 December 2021 (Audited)	791,364	176,407	225,811	38,324	2,869,542	3,262,355	7,363,803

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)

(d) Fair value measurements using significant unobservable inputs (level 3) (continued)

The following tables present the changes in level 3 fair value hierarchy items for the six months ended 30 June 2022 and year ended 31 December 2021: (continued)

	Derivative financial instruments RMB'000
Financial liabilities at FVPL	
At 1 January 2021 (Audited)	(43,362)
Fair value losses recognised in profit or loss	(1,783,739)
Exchange differences	1,137
At 31 December 2021 and 1 January 2022 (Audited)	**(1,825,964)**
Fair value losses recognised in profit or loss	**(861,750)**
Exchange differences	**(297)**
At 30 June 2022 (Unaudited)	**(2,688,011)**

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4 FAIR VALUE ESTIMATION (continued)

(e) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Financial instruments	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Financial assets at FVPL – Unlisted equity investments – Trade receivables – Structured bank deposits – Derivative financial instruments	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow; expected recovery date; discounted rates that correspond to the expected risk level ranging from 1.4% to 18.0% (31 December 2021: 0.6% to 18.0%)	The higher the future cash flow, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value
Financial assets at FVOCI – Unlisted equity investments – Bills receivables	Level 3	(i) Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow; expected recovery date; discounted rates that correspond to the expected risk level at 1.4% (31 December 2021: 2.1%)	The higher the future cash flow, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value
		(ii) Net asset value approach	N/A	N/A
		(iii) Market comparison approach	Discount for lack of marketability, ranging from 20.6% to 30.2% (31 December 2021: 19.9% to 28.4%)	The lower the discount rate, the higher the fair value
Financial liability at FVPL – Derivative financial instruments	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow; expected recovery date; discounted rate that correspond to the expected risk level of ranging from 7.5% to 27.3% (31 December 2021: 7.5% to 21.9%)	The higher the future cash flow, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value

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4 FAIR VALUE ESTIMATION (continued)

(f) Sensitivity analysis

The sensitivity analysis below has been determined based on the change of rate of return in isolation used in expected risk level of the financial assets at the end of the reporting period. If the respective rate of return had been 10% higher/lower, the total comprehensive income (net of tax) for the six months ended 30 June 2022 would have increased/decreased by approximately RMB1,792,000 (year ended 31 December 2021: RMB2,219,000) as a result of the changes in fair value of the financial assets.

5 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- Properties – investment, development and sale of properties, and provision of construction related services;
- Tourism – hotel operations, sale of tourist goods and provision of related services;
- Investment and financial services – holding and investing in a variety of investments and financial products with potential or for strategic purposes including but not limited to listed and unlisted securities, bonds, funds, derivatives, structured and other treasury products; and rendering the investment and financial related consulting services;
- Healthcare, education and others – sale of healthcare and education products and provision of related services and sale of other products; and
- New energy – manufacture and sale of mechanical transmission equipment products and trade of goods.

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5 OPERATING SEGMENT INFORMATION (continued)

The Group disposed of a subsidiary which represented a separate major line of education business in Australia during the six months ended 30 June 2022 and was classified as discontinued operation. Although the Group still holds a shareholding of the entity which has significant influence and will closely monitor and assess the performance of the business as part of healthcare, education and others segment, the segment information reported does not include any amounts for the discontinued operation separately presented, which are described in more details in Note 28. Accordingly, certain comparative information related to the discontinued operation are re-presented in these interim condensed consolidated financial statements.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that certain income and gains/losses, finance costs as well as head office and corporate expenses are excluded from such measurement.

Inter-segment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Segment assets exclude deferred tax assets, certain property, plant and equipment, certain right-of-use assets, income tax prepaid, restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude income tax payable, bank and other borrowings, deferred tax liabilities, written put option liability, certain lease liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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5 OPERATING SEGMENT INFORMATION (continued)

	For the six months ended 30 June 2022 (Unaudited)					
	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare, education and others RMB'000	New energy RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	129,865	155,331	5,783	3,566	9,685,586	9,980,131
Fair value changes in financial instruments	–	(867,691)	4,054	–	960	(862,677)
Segment results	19,978	(866,370)	973,557	1,772	503,711	632,648
Reconciliation:						
Unallocated bank interest income (Note 8)						52,672
Unallocated extension interest income (Note 8)						21,373
Unallocated interest income on deferred consideration (Note 8)						2,646
Unallocated income, gains and losses						119,741
Corporate and other unallocated expenses						(28,527)
Finance costs (Note 11)						(379,175)
Profit before tax from continuing operations						421,378
Segment assets at 30 June 2022 (Unaudited)	6,908,358	2,519,045	5,425,410	146,738	26,786,534	41,786,085
Reconciliation:						
Corporate and other unallocated assets						10,172,306
Total assets at 30 June 2022 (Unaudited)						51,958,391
Segment liabilities at 30 June 2022 (Unaudited)	1,372,650	2,770,966	145,202	1,361	11,643,798	15,933,977
Reconciliation:						
Corporate and other unallocated liabilities						18,201,326
Total liabilities at 30 June 2022 (Unaudited)						34,135,303

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5 OPERATING SEGMENT INFORMATION (continued)

	For the six months ended 30 June 2021 (Unaudited) (Restated)					
	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare, education and others RMB'000	New energy RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	162,164	138,661	7,910	1,261	10,601,507	10,911,503
Fair value changes in financial instruments	–	(539,015)	23,128	–	1,911	(513,976)
Segment results	(102,173)	(789,365)	(94,323)	(44,954)	950,590	(80,225)
Reconciliation:						
Unallocated bank interest income (Note 8)						30,839
Gains on disposal of subsidiaries (Note 9)						196,133
Unallocated income and losses						(61,497)
Corporate and other unallocated expenses						(21,408)
Finance costs (Note 11)						(275,726)
Loss before tax from continuing operations						(211,884)
Segment assets at 31 December 2021 (Audited)	6,443,280	2,231,808	5,561,710	804,333	24,275,802	39,316,933
Reconciliation:						
Corporate and other unallocated assets						6,283,369
Total assets at 31 December 2021 (Audited)						45,600,302
Segment liabilities at 31 December 2021 (Audited)	1,265,502	1,896,447	128,503	380,546	10,536,902	14,207,900
Reconciliation:						
Corporate and other unallocated liabilities						13,396,547
Total liabilities at 31 December 2021 (Audited)						27,604,447

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5 OPERATING SEGMENT INFORMATION (continued)

Revenue from external customers by locations of customers

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited) (Restated)
	RMB'000	RMB'000
The People's Republic of China ("the **PRC**")	**8,694,245**	9,103,359
United States of America	**793,333**	1,007,732
Europe	**67,201**	86,490
Australia	**137,737**	111,174
Other countries	**287,615**	602,748
	9,980,131	10,911,503

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6 REVENUE

An analysis of revenue from continuing operations is as follows:

	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) (Restated) RMB'000
Revenue from contracts with customers		
Properties segment:		
– Property development and sales	**1,461**	35,285
– Construction services	**1,132**	5,349
	2,593	40,634
Tourism segment:		
– Hotel operations	**152,539**	133,939
– Sales of tourist goods and services	**2,792**	4,722
	155,331	138,661
New energy segment:		
– Sale of gear products	**6,641,397**	7,451,928
– Trade of goods	**3,044,189**	3,149,579
	9,685,586	10,601,507
Investment and financial services segment:		
– Investment and financial consulting services	**5,783**	7,910
Healthcare, education and others segment:		
– Education services	**3,566**	1,261
	9,852,859	10,789,973
Revenue from other sources		
Properties segment:		
– Gross rental income	**127,272**	121,530
	9,980,131	10,911,503

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6 REVENUE (continued)

The revenue from contracts with customers disaggregated by timing of revenue recognition as follows:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited) (Restated)
	RMB'000	RMB'000
Timing of revenue recognition:		
– Recognised at a point in time	**9,689,839**	10,641,514
– Recognised over time	**163,020**	148,459
	9,852,859	10,789,973

7 NET FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
From continuing operations:		
Fair value (losses)/gains in financial assets at FVPL	**(927)**	14,474
Fair value losses in derivative financial instruments (Note)	**(861,750)**	(528,450)
	(862,677)	(513,976)

Note:

The fair value changes from derivative financial instruments for the six months ended 30 June 2022 and 2021 was mainly derived from the fair value change of a Forward Purchase Agreement to acquire certain equity interest. Details of the transaction are set out in Note 30(iii).

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8 OTHER INCOME

	Note	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) (Restated) RMB'000
From continuing operations:			
Bank interest income	(i)	**52,672**	30,839
Extension interest income	(v)	**21,373**	–
Interest income on deferred consideration	28	**2,646**	–
Other interest income	(ii)	**21,413**	132,037
Dividend income		**32**	23,604
Management fees income	(iii)	**21,276**	28,137
Government grants	(iv)	**46,316**	38,674
Sales of scraps and materials		**26,970**	41,622
Others		**16,441**	11,549
		209,139	306,462

Notes:

(i) Bank interest income is principally derived from restricted cash and cash and cash equivalents.

(ii) Other interest income is principally derived from loans receivables and other financial assets at amortised cost.

(iii) Management fees income consist of management fees income for leased shops, carparking fees income and other ancillary service income in relation to leases of property.

(iv) Government grants represented mainly grants from the PRC's local authority to support local companies. There are no unfulfilled conditions or contingencies attaching to these grants.

(v) The amount represented extension interest received from deferred payment of consideration for the Group's disposal of 43% equity interest in Nanjing High Speed Gear Manufacturing Co., Ltd. (南京高速齒輪製造有限公司) ("**Nanjing High Speed**") during the period. Details of the disposal are set out in Note 27.

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9 OTHER GAINS – NET

	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
From continuing operations:		
Gains on disposal of subsidiaries	**–**	196,133
Fair value losses of investment properties	**(111)**	–
Gains on disposal of property, plant and equipment (Note 15)	**372**	1,126
Loss on remeasurement of contingent consideration	**–**	(11,000)
Impairment losses on property, plant and equipment (Note 15)	**(49)**	(22,099)
Foreign exchange gains/(losses) – net	**91,714**	(78,835)
Loss on swap contracts	**(6,018)**	(16,291)
Others	**(4,198)**	–
	81,710	69,034

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10 EXPENSES BY NATURE

	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) (Restated) RMB'000
From continuing operations:		
Staff costs		
– Salaries and other benefits	**829,327**	845,798
– Pension scheme contributions	**36,744**	33,787
Cost of inventories sold	**7,590,920**	8,184,854
Cost of properties sold	**1,369**	21,654
Depreciation of property, plant and equipment	**242,572**	239,331
Depreciation of right-of-use assets	**17,042**	6,453
Advertising expenses	**8,484**	7,396
Write-down of inventories	**66,841**	142,276
Amortisation of other intangible assets	**34,910**	35,470
Overdue Penalty on execution of Forward Purchase Agreement (Note 30(iii))	**–**	260,494
Penalty on Past Late Payment on a borrowing (Note 24)	**–**	100,000
Others	**702,555**	603,096
	9,530,764	10,480,609
Representing:		
– Cost of sales and services provided	**8,526,813**	9,034,803
– Selling and distribution expenses	**230,530**	239,285
– Administrative expenses	**407,720**	755,514
– Research and development costs	**365,701**	451,007
	9,530,764	10,480,609

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11 FINANCE COSTS

	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) (Restated) RMB'000
From continuing operations:		
Interest on bank and other borrowings	**324,347**	274,800
Less: Interest capitalised	**(29,931)**	–
	294,416	274,800
Interest on lease liabilities	**644**	926
Unwinding of discount on written put option liability (Note 27(b))	**84,115**	–
	379,175	275,726

12 INCOME TAX EXPENSES

The Group calculates the income tax expenses for the period using the tax rates prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) (Restated) RMB'000
From continuing operations:		
Current tax – charged for the period		
– The PRC	**423,247**	180,019
– Hong Kong	**286**	12,537
– Others	**17**	300
Current tax – over provision in respect of prior years	**(22,830)**	–
Deferred tax – origination and reversal of temporary differences	**(43,865)**	(32,184)
	356,855	160,672

12 INCOME TAX EXPENSES (continued)

(a) PRC corporate income tax ("CIT")

PRC CIT has been provided at the rate of 25% (six months ended 30 June 2021: 25%) on the taxable profits of the Group's PRC subsidiaries, except those listed below, for the six months ended 30 June 2022. The increase in PRC CIT is attributed to an one-off CIT of RMB315,140,000 (six months ended 30 June 2021: Nil) arising from the partial disposal of a subsidiary during the period. Refer to Note 27 for details.

The following subsidiaries are qualified as high technology development enterprises and are thus subject to CIT at a preferential tax rate of 15% for 3 years from the date of approval:

Name of company	**Year ended during which approval was obtained**
Nanjing High Speed	31 December 2020
Nanjing High Speed & Accurate Gear (Group) Co., Ltd. (南京高精齒輪集團有限公司)	31 December 2020
Nanjing High Accurate Rail Transportation Equipment Co., Ltd (南京高精軌道交通設備有限公司)	31 December 2020
NGC (Baotou) Transmission Equipment Co., Ltd.	31 December 2021
Jiangsu Green Lighting Engineering Co., Ltd.	31 December 2021

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12 INCOME TAX EXPENSES (continued)

(b) PRC land appreciation tax ("LAT")

According to the requirements of the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in the PRC effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

(c) Other corporate income tax

Enterprises incorporated in other places other than PRC subject to income tax rates of 8.25% to 30% (six months ended 30 June 2021: 8.25% to 30%) prevailing in the places in which these enterprises operated for the six months ended 30 June 2022.

13 DIVIDENDS

The board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

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14 EARNINGS/(LOSS) PER SHARE

The basic and diluted earnings/(loss) per share attributable to equity shareholders of the Company is calculated as follows:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited) (Restated)
	RMB'000	RMB'000
Loss from continuing operations attributable to equity shareholders of the Company	**(94,776)**	(587,713)
Profit from discontinued operation attributable to equity shareholders of the Company	**141,499**	6,526
Profit/(loss) attributable to equity shareholders of the Company	**46,723**	(581,187)
Weighted average number of ordinary shares in issue	**20,047,139,447**	19,687,870,331
Basic earnings/(loss) per share (RMB per share)		
– From continuing operations attributable to equity shareholders of the Company	**RMB(0.005)**	RMB(0.030)
– From discontinued operation attributable to equity shareholders of the Company	**RMB0.007**	–
	RMB0.002	RMB(0.030)

There were no potential dilutive ordinary shares outstanding due to outstanding share options for both the six months ended 30 June 2022 and 2021. For the six months ended 30 June 2022 and 2021, the weighted average numbers of ordinary shares in issue were adjusted by 17,521,400 shares which are held for the Group's share award scheme and 2,955,805,000 new shares allotted upon the completion of share placing on 9 June 2022.

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15 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2022, additions to property, plant and equipment and right-of-use assets amounted to RMB1,139,202,000 (six months ended 30 June 2021: RMB633,190,000) and RMB20,806,000 (six months ended 30 June 2021: Nil) respectively.

Property, plant and equipment with a net book value of RMB11,855,000 were disposed of by the Group during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB15,971,000), resulting in a gain on disposal of RMB372,000 (six months ended 30 June 2021: RMB1,126,000).

Impairment loss of RMB49,000 (six months ended 30 June 2021: RMB22,099,000) was recognised for certain obsolete property, plant and equipment in new energy cash-generating unit. It was included in "Other gains – net" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

16 INVESTMENTS IN ASSOCIATES

	Note	**30 June 2022 (Unaudited) RMB'000**	31 December 2021 (Audited) RMB'000
At 1 January		**325,254**	1,707,076
Additional investments	(i)	**107,150**	15,000
Share of results of associates		**(858)**	14,692
Disposal/deregister of associates		**–**	(3,975)
Share of other comprehensive loss of associates		**–**	(1,846)
Provision for impairments included in share of results for the year	(ii)	**–**	(1,401,845)
Capital reduction	28	**(53,693)**	–
Exchange differences		**(1,687)**	(3,848)
At 30 June/31 December		**376,166**	325,254

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16 INVESTMENTS IN ASSOCIATES (continued)

Note:

(i) During the six months ended 30 June 2022, the Group lost control over Sparrow Early Learning Pty Ltd ("**Sparrow**"), a subsidiary of the Group, and accounted for the remaining 24.01% equity interest as investment in an associate. Details of the disposal are set out in Note 28.

(ii) In view of the negative reports in relation to China Evergrande Group (which is the controlling shareholder of two associates of the Group) circulating in the market, which caused certain adverse effects on the liquidity of China Evergrande Group and suspension of certain projects during the year ended 31 December 2021, management assessed the recoverability of the investments in Changzhou Jiangheng Real Estate Development Co. Ltd and Yangzhou Hengfu Real Estate Development Co. Ltd (collectively the "**China Evergrande Group Companies**"), of which the principal activities are property development in the PRC, at the end of the reporting period. Accordingly, full impairment over the carrying amounts of these China Evergrande Group Companies amounting to RMB1,363,268,000 was recognised during the year ended 31 December 2021 in the consolidated statement of profit or loss and other comprehensive income based on management's best estimates on the recoverable amounts of these investments of Nil. The recoverable amounts were determined based on the fair value less cost of disposal of which the fair value is categorised as level 3 fair value in the fair value hierarchy. In arriving the fair value of the equity interests, management have taken into consideration the significant uncertainty on the resumption of business of the China Evergrande Group Companies and applied a discount on such business uncertainty.

During the six months ended 30 June 2022, the Group did not receive further financial information from China Evergrande Group Companies in respect of the year ended 31 December 2021 and six months ended 30 June 2022 indicating there is a change in recoverable amount. Accordingly, there was no change in the assessment of recoverable amount of these investment of Nil as at 30 June 2022. The Group has taken legal action to apply for the court to request China Evergrande Group Companies to provide sufficient financial information and supporting document for examination. Up to the date of these interim condensed consolidation financial statements, the legal action is still in progress and the Group is yet to obtain those financial information for examination.

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17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVPL comprise:

- Equity investments that are held for trading;
- Equity investments for which the Group has not elected to recognise fair value gains and losses through OCI; and
- Other non-equity investments that do not qualify for measurement at either amortised cost or FVOCI.

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Non-current assets		
Derivative financial instruments (Note (d))	**39,141**	38,324
Unlisted equity investments (Note (e))	**375,700**	363,800
	414,841	402,124
Current assets		
Listed equity investments (Note (a))	**84,565**	16,131
Unlisted equity investments (Note (e))	**449,671**	427,564
Trade receivables measured at FVPL (Note (b))	**6,788**	176,407
Structured bank deposits (Note (c))	**55,659**	225,811
	596,683	845,913
	1,011,524	1,248,037

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17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note:

(a) The balances as at 30 June 2022 and 31 December 2021 represent the fair values of equity shares of a portfolio of Hong Kong listed securities based on the closing prices of these securities quoted on the SEHK as at the period end date. The directors of the Company consider that the closing prices of these securities are the fair values of these investments.

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Zall Smart Commerce Group Ltd (2098.SEHK)	**34,826**	–
China Saite Group Company Limited (153.SEHK)	**16,877**	16,131
Nanjing Sample Technology Company Limited (1708.SEHK)	**32,862**	–
	84,565	16,131

(b) Trade receivables measured at FVPL

In 2018 and 2020, the Group entered into several agreements with two banks to sell all of its eligible trade receivables under certain customers and all rights, titles, interests and benefits the Group has in each such eligible trade receivables on a non-recourse basis without the need for any further action or documentation on the part of the Group or banks, at a discount calculated based on the base rate and number of days for early payment as specified in the agreements.

At 30 June 2022, such trade receivables that are held solely for selling purpose amounting to RMB6,788,000 (31 December 2021: RMB176,407,000) were classified as financial assets at FVPL. For the six months ended 30 June 2022, fair value loss of RMB961,000 (six months ended 30 June 2021: RMB1,352,000) was recognised in "Net fair value changes in financial instruments".

(c) Structured bank deposits

At 30 June 2022, structured bank deposits of RMB55,659,000 (31 December 2021: RMB225,811,000) represented financial instruments placed by the Group to two (31 December 2021: two) banks in the PRC for a term within one year. The contract guarantees principal and proceeds are related to the performance of exchange rate.

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17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note: (continued)

(d) Derivative financial instruments

Pursuant to the sale and purchase agreement entered into between Fullshare Investment Management II Limited, the general partner of Fullshare Value Fund I (A) L.P., a joint venture of the Group and the purchaser dated on 30 August 2019 ("**GSH Disposal Agreement**"), the Company is entitled to 23% of distributable proceeds, if any, after the qualifying transactions as specified in the GSH Disposal Agreement ("**Qualifying Transactions**") are completed. As at 30 June 2022 and 31 December 2021, the Qualifying Transactions have not been completed. The separate derivative associated with GSH Disposal Agreement was measured at FVPL amounting to RMB39,141,000 (31 December 2021: RMB38,324,000).

(e) Unlisted equity investments

In December 2020, the Group entered into three limited partnership agreements in respect of the establishment of partnerships in the PRC. Pursuant to the limited partnership agreements, the Group contributed RMB120,000,000, RMB120,000,000 and RMB100,000,000 respectively as a limited partner, which had been paid up by the Group to the partnerships. As at 30 June 2022, these investments had an aggregate fair value of RMB375,700,000 (31 December 2021: RMB363,800,000).

The remaining amounts included the unlisted equity investments with individual amount less than RMB500,000,000.

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVOCI comprise:

- Equity investments which are not held for trading, and the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant; and

- Debt securities where the contractual cash flows are solely for principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial asset.

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18 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Non-current assets		
Listed equity investment (Note (a))	**104,457**	89,623
Unlisted equity investments (Note (b))	**2,336,412**	2,799,663
	2,440,869	2,889,286
Current assets		
Debt investments– Bills receivables (Note (c))	**2,871,893**	3,262,355
Unlisted equity investments (Note (b))	**23,507**	69,879
	2,895,400	3,332,234
	5,336,269	6,221,520

Note:

(a) As at 30 June 2022, the balance includes the Group's investment in Guodian Technology & Environment Group Corporation Limited（國電科技環保集團股份有限公司, 1296.SEHK）amounting to Nil (31 December 2021: RMB23,755,000), the investment in Riyue Heavy Industry Co., Ltd（日月重工股份有限公司, 603218.SHSE）amounting to RMB21,163,000 (31 December 2021: RMB27,453,000), the investment in Class A ordinary shares and Class B ordinary shares of Tuniu Corporation (TOUR.O.NASDAQ) amounting to RMB25,913,000 (31 December 2021: RMB22,737,000), the investment in China PengFei Group（中國鵬飛集團有限公司, 3348.SEHK）amounting to RMB16,562,000 (31 December 2021: RMB15,678,000) and the investment in Sanyi Heavy Energy Co., Ltd.（三一重能股份有限公司, 688349.SHSE）amounting to RMB40,819,000 (31 December 2021: Nil).

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18 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

Note: (continued)

(b) On 17 April 2017, Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. * (南京高精傳動設備製造集團有限公司) (a non wholly-owned subsidiary of the Company) entered into a limited partnership agreement with thirty-four other partners in respect of the establishment of an investment fund in the PRC named Zhejiang Zheshang Chanrong Equity Investment Fund LLP (浙江浙商產融股權投資基金合夥企業 (有限合夥)) (the "**Zheshang Fund**") and the subscription of interest therein. Pursuant to the limited partnership agreement, the full registered capital contribution to the investment fund is RMB65,910,000,000, among which, RMB2,000,000,000 was contributed by the Group as a limited partner, which had been fully paid up by the Group to the investment fund. The investment in Zheshang Fund was revalued on 30 June 2022 and 31 December 2021 based on valuations performed by China United Assets Appraisal Group (Zhejiang) Co., Ltd., an independent professional qualified valuer by net asset value approach. As at 30 June 2022, the fair value of Zheshang Fund amounted to RMB1,889,635,000 (31 December 2021: RMB1,942,431,000) and a fair value loss of RMB52,796,000 (30 June 2021: RMB54,411,000) was recognised in OCI for the six months ended 30 June 2022.

On 25 April 2016, Nanjing Fullshare Dazu Technology Company Limited* (南京豐盛大族科技股份有限公司) (a wholly owned subsidiary of the Company) entered into an agreement with other ten companies in respect of the establishment of a company in the PRC named Jiangsu Minying Investment Holding Limited* (江蘇民營投資控股有限公司) ("**Jiangsu Investment**"). As at 30 June 2022, capital contribution of RMB400,000,000 (31 December 2021: RMB800,000,000) was invested by the Group.

The investment in Jiangsu Investment was revalued by net asset value approach with reference to net asset value of financial statements of Jiangsu Investment. As at 30 June 2022, the fair value of the investment in Jiangsu Investment amounted to RMB340,937,000 (31 December 2021: RMB743,819,000).

The remaining amounts include the unlisted equity investments with individual amount less than RMB500,000,000.

(c) Bills receivables that are held for collection of contractual cash flows and for selling purpose are measured at FVOCI. Bills receivables that are held by the Group are usually collected at maturity date or discounted to banks in the PRC by a way of selling before the maturity date.

For the six months ended 30 June 2022, fair value gain of RMB11,636,000 (six months ended 30 June 2021: RMB3,207,000) for bills receivables was recognised in OCI.

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19 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES)

(i) Loans receivables

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Loans to third parties (Note (a))	**2,285,791**	3,055,623
Loan to an associate (Note (b))	**100,519**	–
Less: Loss allowance	**(647,920)**	(1,612,788)
	1,738,390	1,442,835
Represented:		
– Current portion	**1,588,868**	1,395,998
– Non-current portion	**149,522**	46,837
	1,738,390	1,442,835

Note:

(a) During the six months ended 30 June 2022, the Group received repayments from independent third parties amounted to RMB707,294,000. In addition, the Group entered into a debt restructuring agreement with independent third parties, pursuant to which a loan balance of RMB131,328,000 was utilised to offset with the Group's refundable earnest deposit received.

(b) As at 30 June 2022, there is a loan of approximately of AUD21,776,000 (equivalent to RMB100,519,000) with a former subsidiary of the Group, Sparrow which was disposed of during the period. Details of the disposal are set out in Note 28. The balance is unsecured, bears in interest at 6% per annum and repayable in March 2027.

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19 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) (continued)

(ii) Other receivables

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Other receivables		
– Deposit for land lease	**75,000**	75,000
– Receivables from the former subsidiaries of the bundle transaction	**510,296**	542,233
– Earnest money paid for the Revised Forward Purchase Agreement (Note 30(iii))	**1,339,100**	610,000
– Earnest money paid for a proposed acquisition	**59,750**	–
– Deferred consideration receivable from disposal of Sparrow and the corresponding interest receivables (Note 28)	**147,714**	–
– Others	**875,216**	1,001,425
	3,007,076	2,228,658
– Amounts due from associates	**45,951**	45,951
Less: Loss allowance	**(556,494)**	(550,163)
	2,496,533	1,724,446
Represented:		
– Current portion	**2,348,819**	1,722,823
– Non-current portion	**147,714**	1,623
	2,496,533	1,724,446

Interim Condensed Consolidated Financial Statements

19 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) (continued)

(iii) Other financial assets at amortised cost

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Other financial assets at amortised cost		
– Amounts due from third parties (Note (a))	**1,094,758**	1,078,641
Less: Loss allowance	**(3,616)**	(1,036)
	1,091,142	1,077,605
Represented:		
– Current portion	**625,038**	–
– Non-current portion	**466,104**	1,077,605
	1,091,142	1,077,605

Note:

(a) The balances as at 30 June 2022 and 31 December 2021 represented two financial products purchased from an insurance company with interests of fixed rates at 6.50% and 5.80% respectively per annum, both with a 5-year maturity in 2023. The interest and principal are repayable at the maturity date.

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20 TRADE RECEIVABLES

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Trade receivables		
– Amounts due from third parties	**6,500,645**	5,076,434
– Amounts due from joint ventures	**1,468**	1,003
Less: Loss allowance	**(635,049)**	(605,693)
	5,867,064	4,471,744

The ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 90 days	**4,700,998**	3,430,435
91 to 180 days	**391,039**	443,734
181 to 365 days	**405,816**	409,369
Over 365 days	**369,211**	188,206
	5,867,064	4,471,744

The Group generally allows a credit period of 90 days (31 December 2021: 90 days) to its trade customers and 180 days (31 December 2021: 180 days) for sales of gear products. Apart from that, the Group does not have a standardised and universal credit period granted to its customers for other sales, and the credit period of individual customers is considered on a case-by-case basis and stipulated in the relevant contracts, as appropriate. Trade receivables are non-interest-bearing.

All of the amounts due from joint ventures are unsecured, interest-free and repayable on credit terms similar to those offered to the major customers of the Group.

Interim Condensed Consolidated Financial Statements

21 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Cash and bank balances	**9,198,727**	5,384,509
Less: Restricted cash		
– Pledged bank deposits	**(3,583,802)**	(1,897,477)
– Restricted bank deposits	**(35,761)**	(13,930)
	(3,619,563)	(1,911,407)
Cash and cash equivalents	**5,579,164**	3,473,102

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. Bank balances, pledged bank deposits and restricted bank deposits are deposited with creditworthy banks with no recent history of default.

Interim Condensed Consolidated Financial Statements

22 TRADE AND BILLS PAYABLES

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Trade payables		
– Amounts due to third parties	**3,407,029**	3,181,423
– Amount due to an associate	**18**	18
Bills payables	**4,519,915**	3,833,491
	7,926,962	7,014,932

An ageing analysis of trade and bills payables as at the end of the reporting period, based on the invoice date and the date of issuance of the bills, is as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 90 days	**7,212,065**	4,657,110
91 to 180 days	**7,996**	100,914
181 to 365 days	**176,540**	1,836,023
Over 365 days	**530,361**	420,885
	7,926,962	7,014,932

Trade payable due to an associate is repayable within 90 days (31 December 2021: 90 days), which represents credit terms similar to those offered by the associate to its major customers.

Trade payables are interest-free and are normally settled on terms of 90 to 180 days (31 December 2021: 90 to 180 days).

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23 OTHER PAYABLES AND ACCRUALS

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Accruals	**1,120,163**	998,629
Amounts due to associates	**20,472**	15,000
Refundable deposit received (Note (a))	**644,000**	1,000,000
Consideration received for partial disposal of a subsidiary (Note 27)	**–**	1,000,000
Dividends payable to non-controlling interests	**89,002**	89,002
Other tax payables	**216,035**	149,113
Other payables	**492,839**	661,428
Payroll and welfare payables	**114,788**	266,674
Liability arising from financial guarantee contracts	**3,789**	6,359
Payables for purchase of property, plant and equipment	**139,972**	158,189
	2,841,060	4,344,394

All of the amounts due to associates are unsecured, interest-free and repayable within 180 days (31 December 2021: 180 days).

Interim Condensed Consolidated Financial Statements

23 OTHER PAYABLES AND ACCRUALS (continued)

Note:

(a) On 17 January 2018, each of Five Seasons XVI Limited (a wholly-owned subsidiary of the Company) ("**Five Seasons XVI**") and Mr. Ji Changqun ("**Mr. Ji**") entered into a non-legally binding memorandum of understanding with an independent third party, Neoglory Prosperity Inc. (新光圓成股份有限公司), a PRC company listed on Shenzhen Stock Exchange (002147.SZSE) (the "**Potential Offeror**"), in relation to a possible conditional voluntary partial cash offer for more than 50% but not exceeding 75% of the issued capital of China High Speed Transmission Equipment Group Co., Ltd. (中國高速傳動設備集團有限公司) ("**CHS**"), one of the major subsidiaries of the Company whose shares are listed on SEHK (658.SEHK), and subsequently changing to a possible sale and purchase of Five Seasons XVI's direct shareholding interests in CHS that would represent more than 50% but not exceeding 73.91% of the issued capital of CHS ("**Possible Sale and Purchase**").

On 24 April 2018, the Company, Five Seasons XVI and the Potential Offeror entered into an earnest money agreement (the "**Earnest Money Agreement**"), pursuant to which, the Potential Offeror shall provide an amount in cash or cash equivalents of RMB1,000,000,000 to the Company (or its subsidiaries) as refundable earnest money ("**Earnest Money**") within 30 days from the date of the Earnest Money Agreement. On 28 September 2018, the relevant parties entered into a supplemental earnest money agreement ("**Supplemental Earnest Money Agreement**", together with the Earnest Money Agreement, collectively referred to as "**Earnest Money Agreements**") to extend the term of the Earnest Money Agreement, and pursuant to which if, among others, no definitive agreement in respect of the Possible Sale and Purchase was entered into on or before 31 October 2018, the Company shall refund and return in full the Earnest Money (without any income accrued thereon) to the Potential Offeror (or its nominee) within 15 business days. As at 31 October 2018, no definitive agreement(s) has been entered into among the parties. As such, the Earnest Money Agreements have been automatically terminated.

On 18 August 2021, the Company received a notice of arbitration (the "**Notice of Arbitration**"), filed by the Potential Offeror as claimant, pursuant to which the Potential Offeror purports to commence arbitration (the "**Arbitration**") administered by the Hong Kong International Arbitration Centre against the Company and Five Seasons XVI. In the Notice of Arbitration, the Potential Offeror seeks refund of the Earnest Money to it.

On 24 December 2021, parties including the Company, Five Seasons XVI and Potential Offeror entered into a settlement agreement (the "**Settlement Agreement**") in relation to settlement of the Earnest Money. Pursuant to the Settlement Agreement, the parties agree that, subject to certain conditions, they will not commence arbitration or other legal proceedings against each other. In particular, the Potential Offeror, the Company and Five Seasons XVI shall terminate the pending Arbitration within three working days after the Settlement Agreement becomes effective. Also, the Earnest Money Agreements will be terminated on the effective date of the Settlement Agreement and upon satisfaction of certain conditions.

During the six months ended 30 June 2022, the conditions as stated in the Settlement Agreement have been fulfilled and the Arbitration has been terminated. In addition, RMB356,000,000 had been repaid by cash and other settlement arrangement up to 30 June 2022. It is considered that the repayments of the remaining outstanding Earnest Money could be fulfilled through internal funding or sale of certain non-major assets and will not have a significant impact to the Group's operations.

Interim Condensed Consolidated Financial Statements

24 BANK AND OTHER BORROWINGS

	30 June 2022		31 December 2021	
	Current (Unaudited) RMB'000	**Non-current (Unaudited) RMB'000**	Current (Audited) RMB'000	Non-current (Audited) RMB'000
Secured				
– Bank loans	**1,079,007**	**2,011,207**	2,056,039	1,064,614
– Loans from other financial institutions	**660,592**	**–**	817,473	–
– Loans from other third parties	**484,160**	**334,150**	195,386	668,300
Total secured borrowings	**2,223,759**	**2,345,357**	3,068,898	1,732,914
Unsecured				
– Bank loans	**3,797,693**	**499,996**	2,200,939	–
– Loans from ultimate holding company	**1,250,468**	**–**	1,211,732	–
– Loan from a joint venture	**179,964**	**–**	170,928	–
– Loans from other financial institutions	**610,000**	**–**	669,337	–
– Loans from other third parties	**35,494**	**200,956**	35,375	203,958
Total unsecured borrowings	**5,873,619**	**700,952**	4,288,311	203,958
	8,097,378	**3,046,309**	7,357,209	1,936,872

Bank and other borrowings carry interest ranging from 0% to 9% (31 December 2021: 0% to 9%) per annum. As at 30 June 2022, loans from ultimate holding company of RMB1,250,468,000 (31 December 2021: RMB1,211,732,000) are interest-free and the loan from a joint venture of RMB179,964,000 (31 December 2021: RMB170,928,000) carries effective interest rate at 8% (31 December 2021: 8%) per annum.

Bank and other borrowings are repayable as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within one year or on demand	**8,097,378**	7,357,209
Between one and two years	**2,607,060**	1,078,716
Between two and five years	**395,209**	811,113
Over five years	**44,040**	47,043
	11,143,687	9,294,081

Interim Condensed Consolidated Financial Statements

24 BANK AND OTHER BORROWINGS (continued)

Notes:

(a) Certain of the Group's bank and other borrowings are secured by:

(i) All of the Group's equity interests in CHS and certain equity interests in Tianjin Heheng Investment Development Co., Ltd. (天津合恒投資發展有限公司), subsidiaries of the Group.

(ii) 1,520,000,000 ordinary shares of the Company held by the ultimate holding company.

(iii) The Group's assets as disclosed in Note 31.

In addition, bank and other borrowings of RMB1,237,742,000 (31 December 2021: RMB1,269,759,000) were guaranteed by Mr. Ji. Bank and other borrowings of RMB1,233,892,000 (31 December 2021: RMB1,436,150,000) were guaranteed by Mr. Ji and a close family member of Mr. Ji.

(b) As at 31 December 2020, a loan from Huarong International Trust Co., Ltd. (the "**Lender**") with principal amounting to RMB500,000,000 ("**Principal**") and respective penalty of RMB93,500,000 ("**Past Late Payment**") was past due. Two investment properties of the Group are pledged as security (the "**Pledged Properties**").

On 9 March 2021, the Lender intended to auction the creditor's rights of the debt to the Group in accordance with its internal procedure. Pursuant to the laws and regulations of the PRC, the auction is requested to be initiated through respective legal procedure(s). Therefore, after a well communication of its intention with the Group, the Lender took such respective legal action to apply for an open auction of the rights of the respective loan aforesaid. However, such auction met with no response. The Group continued to discuss with the Lender on the settlement of the Principal and the Past Late Payment. Another financial institution ("**Assignee**") has negotiated with the Group to take up the relevant loan from the Lender. Based on the negotiations between the Group and the Assignee, the Assignee agreed to waive the payment of Past Late Payment upon the settlement of the Principal as well as the respective interest within two years from the date when a supplementary agreement in relation to the transfer of debts aforesaid is signed.

During the year ended 31 December 2021, the Lender initiated an auction on the Pledged Properties again.

On 26 January 2022, the Group signed a settlement agreement with the Lender and fix the repayment schedules by four instalment payments on or before 15 April 2022. It is further agreed that interest of 8 % per annum on the outstanding principal is charged until all of the principal is repaid; and in case the first instalment of RMB50,000,000 is received on or before 28 January 2022, the Lender will withdraw the auction of the Pledged Properties.

Interim Condensed Consolidated Financial Statements

24 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(b) (continued)

On 28 January 2022, the Group paid the first instalment payment and the auction had been withdrawn by the Lender. Up to 30 June 2022, the Group repaid RMB94,444,000 over the Principal, and the legal charges over the Pledged Properties remains until the loan has been settled in full. As at 30 June 2022, the fair value of the Pledged Properties amounted to RMB1,216,562,000. During the six months ended 30 June 2022, interest of RMB17,791,000 (30 June 2021: RMB30,689,000) was recognised in profit and loss. Up to the date of these interim condensed consolidated financial statements, no further action is taken by the Lender. Management considers that the repayments could be made in full through internal fundings and will not have a significant impact to the Group's operations.

(c) Certain borrowings of RMB389,311,000 were overdue as at 30 June 2022 (31 December 2021: RMB320,938,000). Overdue interest of RMB9,801,000 (during the year ended 31 December 2021: RMB13,832,000) was recognised during the six months ended 30 June 2022. The Group is actively liaising with the lenders to extend the repayment period. Management considers that these borrowings could be repaid through internal fundings and will not have a significant impact to the Group's operations.

25 SHARE CAPITAL

	Note	**Number of shares** '000	RMB'000
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022		40,000,000	314,492
Issued and fully paid:			
At 1 January 2021, 31 December 2021 and 1 January 2022		19,705,392	160,872
Issue of new shares	(i)	2,955,805	25,228
At 30 June 2022		22,661,197	186,100

Note:

(i) On 19 May 2022, the Company entered into a placing agreement with a placing agent in respect of the placement for a maximum of 2,955,805,000 ordinary shares of HK$0.01 each to not less than six placees at the placing price of HK$0.10 per share. The placement was completed on 9 June 2022 and raised fund of RMB252,285,000, net of direct costs.

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26 ACQUISITION OF A SUBSIDIARY

In May 2022, the Group acquired 100% equity interest in Shanghai Faske Energy Technology Co., Ltd. from an independent third party at a consideration of RMB8,397,000.

The assets and liabilities recognised at acquisition date were as follows:

	RMB'000
Cash and cash equivalents	1,557
Trade receivables	1,448
Property, plant and equipment	39,611
Other payables	(32,486)
Deferred tax liabilities	(1,733)
Net identifiable assets acquired	8,397

Analysis of cash flows on acquisition:

Cash consideration paid	(8,397)
Add: Cash and cash equivalents acquired	1,557
Net cash outflow on acquisition	(6,840)

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27 PARTIAL DISPOSAL OF INTEREST IN A SUBSIDIARY WITHOUT LOSS OF CONTROL

On 30 March 2021, Nanjing Gear Enterprise Management Co., Ltd (the "**Vendor**"), a wholly-owned subsidiary of the Group, and Nanjing High Speed entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Shanghai Wensheng Asset Management Co., Ltd. (the "**Purchaser**"), an independent third party, to dispose 43% of the equity interests of Nanjing High Speed at a consideration of RMB4,300,000,000 (the "**Partial Disposal**"). Pursuant to the Equity Transfer Agreement, if the transferee is not the Purchaser itself, the identity of the transferee is restricted to be a legal entity controlled or jointly controlled directly or indirectly by the Purchaser. The actual transferee is Shanghai Qiwo Enterprise Management Partnership (Limited Partnership) (the "**Transferee**"). Upon the Partial Disposal is completed, Nanjing High Speed remains a subsidiary of the Group. Further details of the Partial Disposal were set out in the announcements of the Company dated 30 March 2021, 15 July 2021, 15 October 2021 and the circular of the Company dated 26 May 2021.

The Partial Disposal has been completed on 4 March 2022. Upon the completion of the Partial Disposal, the Group's equity interest in Nanjing High Speed decreased to approximately 50.02%. Nanjing High Speed remains a subsidiary of the Group and as such, the Partial Disposal is accounted for as an equity transaction.

The effect on equity attributable to owners of the Company during the period is summarised as follows:

	RMB'000
Consideration received for the Partial Disposal	4,300,000
Less: Non-controlling interests recognised	(1,629,972)
Less: Income tax recognised directly in equity (Note (a))	(523,664)
Less: Written put option liability initially recognised (Note (b))	(4,300,000)
Decrease in equity attributable to owners of the Company	(2,153,636)

Interim Condensed Consolidated Financial Statements

27 PARTIAL DISPOSAL OF INTEREST IN A SUBSIDIARY WITHOUT LOSS OF CONTROL (continued)

Notes:

(a) Income tax of RMB838,804,000 is recognised from the Partial Disposal, which is calculated on the differences between the consideration for the Partial Disposal of RMB4,300,000,000 and the investment cost of RMB944,785,000, at applicable PRC income tax rate of 25%. Out of which, RMB523,664,000 is recognised directly in equity as the Partial Disposal is accounted for as an equity transaction, and the amount is calculated on the differences between the consideration for the Partial Disposal of RMB4,300,000,000 and 43% of the consolidated net assets of Nanjing High Speed at the date of the Partial Disposal of RMB2,205,346,000, at applicable PRC income tax rate of 25%. The remaining portion of income tax of RMB315,140,000 relates to post acquisition profit of Nanjing High Speed, and is recognised in profit or loss.

(b) Written put option liability

As part of the Equity Transfer Agreement, the Vendor grants a put option to the Transferee, pursuant to which the Transferee could request the Vendor to repurchase all of the equity interest of Nanjing High Speed acquired by the Transferee during the 3 years from the completion date of the Partial Disposal under certain conditions, at the Transferee's discretion, at an exercise price of RMB4,300,000,000 plus 6% interest per annum.

The written put option liability is initially recognised at fair value with a corresponding charge directly to equity within 'other reserves'. The fair value of the written put option liability at grant date is measured based on the present value of the exercise price of RMB4,300,000,000 plus 6% interest per annum, by applying a discount rate of 6%, and on the assumption that the put option will be redeemable in 3 years.

The liability is subsequently accreted through finance charges up to the redemption amount that is payable at the date at which the option becomes exercisable. In the event that the option is unexercised upon expiry, the liability is derecognised with a corresponding adjustment within equity.

The movement of written put option liability during the period is as follows:

	RMB'000
At 1 January 2022 (Audited)	–
Issuance of written put option	4,300,000
Unwinding of discount	84,115
At 30 June 2022 (Unaudited)	4,384,115

28 DISCONTINUED OPERATION

On 28 January 2022, the Group and a purchaser in which certain management of subsidiaries of the Company have beneficial interests (the "**Management Buyer**") entered into the Share Sale and Implementation Agreement pursuant to which the Group conditionally agreed to dispose of 72.71% equity interests in Sparrow to the Management Buyer at a cash consideration of AUD69,000,000 (equivalent to RMB324,443,000) ("**Sparrow Disposal**"). The consideration is receivable by 2 instalments. The first instalment of AUD37,000,000 (equivalent to RMB173,977,000) was received on the completion date of Sparrow Disposal, and the second instalment of AUD32,000,000 (equivalent to RMB150,466,000) (the "**Deferred Consideration**") is receivable at the 5th anniversary from the completion date of Sparrow Disposal, and interest-bearing at 6% per annum. A general security deed and a shareholders' agreement which includes a buy-back option clause exercisable by the Group were entered into with the Management Buyer to secure the repayment of Deferred Consideration. Details of Sparrow Disposal were set out in the Company's announcements dated 28 January 2022 and 18 March 2022.

The Sparrow Disposal has been completed on 18 March 2022 and was classified as discontinued operation. After the completion of Sparrow Disposal, the Group held 24.01% equity interests in Sparrow and Sparrow ceased to be a subsidiary of the Group and becomes an associate of the Group.

At the same date of completion of Sparrow Disposal, shareholders of Sparrow approved a capital reduction and the Group received a sum of AUD11,526,000 (equivalent to RMB53,693,000) during the six months ended 30 June 2022.

The carrying amounts of assets and liabilities of Sparrow at the date of disposal, and the results of the discontinued operation, which have been included in the interim condensed consolidated statement of profit or loss and other comprehensive income, were as follows:

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28 DISCONTINUED OPERATION (continued)

(a) Results of discontinued operation

	From 1 January 2022 to the date of disposal (Unaudited) RMB'000	For the six months ended 30 June 2021 (Unaudited) RMB'000
Revenue	**116,460**	239,866
Cost of services provided	**(94,198)**	(190,734)
Gross profit	**22,262**	49,132
Selling and distribution expenses	**(3,217)**	(6,211)
Administrative expenses	**(9,703)**	(16,571)
Net impairment losses on financial assets	**(281)**	(650)
Other income	**–**	56
Operating profit	**9,061**	25,756
Finance costs	**(5,788)**	(15,687)
Profit before tax	**3,273**	10,069
Income tax expenses	**(1,019)**	(3,321)
Profit after tax	**2,254**	6,748
Gain on disposal of discontinued operation	**139,319**	–
Profit for the period from discontinued operation	**141,573**	6,748
Other comprehensive income/(loss):		
Item that may be reclassified to profit or loss:		
Exchange differences on translation of foreign operations	**2,050**	(10,306)
Total comprehensive income/(loss) for the period from discontinued operation	**143,623**	(3,558)

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28 DISCONTINUED OPERATION (continued)

(a) Results of discontinued operation (continued)

The net cash flows incurred by the discontinued operation are as follows:

	From 1 January 2022 to the date of disposal (Unaudited) RMB'000	For the six months ended 30 June 2021 (Unaudited) RMB'000
Net cash inflows from operating activities	**28,419**	43,107
Net cash outflows from investing activities	**(3,677)**	(9,167)
Net cash outflows from financing activities	**(74,002)**	(30,690)
Net (decrease)/increase in cash and cash equivalents	**(49,260)**	3,250

(b) Assets and liabilities of Sparrow at the date of disposal

	RMB'000
Net assets disposed of:	
Property, plant and equipment	48,900
Right-of-use assets	279,054
Goodwill	386,606
Other financial assets at amortised costs	1,443
Deferred tax assets	27,996
Trade and other receivables	10,145
Prepayments	9,198
Bank balances and cash	41,403
Trade and bills payables	(6,670)
Other payables and accruals	(148,443)
Contract liabilities	(5,126)
Lease liabilities	(336,677)
Income tax payable	(228)
	307,601

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28 DISCONTINUED OPERATION (continued)

(b) Assets and liabilities of Sparrow at the date of disposal (continued)

	RMB'000
Gain on disposal of discontinued operation:	
Consideration received and receivable	324,443
Net assets disposed of	(307,601)
Non-controlling interests	3,775
Release of exchange reserve upon disposal	11,552
Fair value of retained equity interests classified as investment in an associate	107,150
	139,319
Consideration:	
Cash	173,977
Deferred Consideration	150,466
	324,443
Net cash inflow arising on disposal:	
Cash received	173,977
Less: Bank balances and cash disposed of	(41,403)
Net cash inflow	132,574

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29 CONTINGENT LIABILITIES

As at 30 June 2022, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

(i) Mortgage facilities

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Guarantees given to banks in connection with mortgage facilities (Note)	**11,072**	6,076

Note:

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's 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 penalties owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtained the "property title certificate" for the mortgagees, or when the Group obtains the "master property title certificate" upon completion of construction. The directors consider that in case of default in payments by the purchasers, the net realisable value of the related properties could cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties.

(ii) As at 30 June 2022, the Group provided financial guarantees to one associate (31 December 2021: one associate), two related parties (31 December 2021: two related parties) and one independent third party (31 December 2021: two independent third parties) in favour of bank loans of RMB48,018,000 (31 December 2021: RMB220,796,000), RMB989,000,000 (31 December 2021: RMB1,100,000,000) and RMB150,000,000 (31 December 2021: RMB153,000,000), respectively. These amounts represented the balances that the Group could be required to be paid if the guarantees were called upon in its entirety. At the end of the reporting period, an amount of RMB3,789,000 (31 December 2021: RMB6,359,000) has been recognised in the interim condensed consolidated financial statements as liabilities.

(iii) On 30 August 2019, a sale and purchase agreement was entered into between an independent third party (the "**Purchaser**"), Fullshare Value Fund I (A) L.P. (the "**Vendor**"), a joint venture of the Group, and the general partner of the Vendor, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the 100% of the issued and paid-up shares of Five Seasons XXII Limited ("**BVI SPV**"), a wholly owned subsidiary of the Vendor, subject to the terms and conditions thereof. The BVI SPV indirectly holds the interests of GSH Plaza in Singapore. The former owner of the GSH Plaza is under certain legal cases with the property builders.

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29 CONTINGENT LIABILITIES (continued)

(iii) (continued)

On the same day, in order to facilitate the conclusion of the sales, the Company entered into a deed of guarantee with the Purchaser, pursuant to which, the Company agreed to guarantee to the Purchaser the due and punctual performance and observance by the Vendor of the Vendor's obligations under the sale and purchase agreement, subject to a maximum liability of up to SGD169,822,000 (equivalent to approximately RMB874,690,000) (the "**Guarantee money**"). The Guarantee money is used to compensate the Purchaser for any adverse effect of the legal cases. These Guarantee money would be reimbursed by the former owner.

The Company also entered into a letter of authority with Five Seasons XXII Pte. Ltd. ("**Five Seasons**"), a wholly owned subsidiary of BVI SPV, pursuant to which, Five Seasons authorised the Company to represent Five Seasons in respect of the authorised matters and the Company agreed to (i) engage professional parties and bear all costs incurred thereto; and (ii) put Five Seasons in funds for any monies which Five Seasons is liable to pay, in relation to the authorised matters, subject to a maximum aggregate amount of up to SGD1,000,000 (equivalent to approximately RMB5,151,000).

In the opinion of the directors, based on the claim history from the purchaser to the Group and the reimbursement history from the former owner to the Group, the possibility of default or inability of discharging the relevant obligations by the Group is remote. Accordingly, no provision in relation to the guarantee has been made in the Group's interim condensed consolidated financial statements as at 30 June 2022 and 31 December 2021.

(iv) On 16 August 2019, it came to the attention of the Company that Mr. Ji was named a defendant in a proceeding involving claim for alleged overdue payments of approximately HKD1,466,000,000 (the "**Proceeding**"). No further information in respect of the Proceeding and the claim thereunder is available as at the date of these interim condensed consolidated financial statements. Pursuant to relevant terms of the Group's loan agreements, the Proceeding might be considered as an event of default the occurrence of which will allow the lender to demand accelerated repayments for certain loans of the Group totalling approximately RMB100,466,000 ("**Loan**"). However, up to the date of these interim condensed consolidated financial statements, the Group has not received any request from any lender of the Loan for any accelerated repayment. Further, the management of the Company considers that adequate collaterals have been provided to secure the Loan. Accordingly, no adjustment or reclassification of the Loan is made to reflect the impact of the Proceeding.

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30 COMMITMENTS

(i) Operating lease arrangement – the Group as lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Within 1 year	**131,904**	142,681
After 1 year but within 2 years	**132,815**	118,277
After 2 years but within 3 years	**103,511**	89,078
After 3 years but within 4 years	**72,200**	70,277
After 4 years but within 5 years	**52,181**	52,975
After 5 years	**339,193**	370,504
	831,804	843,792

(ii) Capital commitments

In addition to the operating lease commitments detailed above, the Group had the following capital commitments at the end of the reporting period:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Contracted, but not provided for:		
– Property, plant and equipment	**2,942,306**	1,573,737
– Capital contributions to associates	**173,000**	173,000
– Capital contributions to joint ventures	**350,000**	350,000
	3,465,306	2,096,737

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30 COMMITMENTS (continued)

(iii) Other commitments

On 9 February 2018, the Company, China Merchants Securities Asset Management Company Limited (招商證券資產管理有限公司) and Ningbo Zhongbang Chanrong Holding Co., Ltd.* (寧波眾邦產融控股有限公司) ("**Ningbo Zhongbang**"), both being limited partners of Ningbo Fengdong Investment Management Partnership Enterprise (Limited Partnership) (寧波豐動投資管理合夥企業(有限合夥)) (the "**Fund**") (collectively referred to as "**Limited Partners**") and Ningbo Zhongxin Wanbang Asset Management Company Limited (寧波眾信萬邦資產管理有限公司), being the general partner (the "**General Partner**") of the Fund, entered into a forward sale and purchase agreement ("**Forward Purchase Agreement**"), pursuant to which the Company has conditionally agreed to acquire from each of the Limited Partners their respective interests in the Fund, within 3 years from the date of full payment of the capital contributions made by the Limited Partners and the General partner (i.e. 12 February 2018) or extended date (the "**Specified Date**") unanimously consented by all parties, at a maximum consideration of approximately RMB3,342,506,567 which was determined with reference to the capital contributions made by the Limited Partners of an aggregate amount of approximately RMB2,630,000,000 and the expected return to be distributed by the Fund in accordance with the terms of the limited partner agreement on the relevant settlement date in accordance with the terms of the Forward Purchase Agreement. In the event of default in executing the Forward Purchase Agreement at the Specified Date, the Company is liable to pay a default penalty, calculated at 0.1% per day of default (the "**Overdue Penalty**").

The object of the Fund is to invest in Shanghai Joyu Culture Communication Company Limited* (上海景域文化傳播股份有限公司) ("**Shanghai Joyu**"), or such other companies or businesses as may be agreed by the Limited Partners and the General Partner. Shanghai Joyu is principally engaged in the tourism and vacation businesses and is a one-stop Online to Offline ("**O2O**") service provider in the PRC tourism business. As at 30 June 2022, the Fund invested held approximately 26.33% (31 December 2021: 26.33%) interests in Shanghai Joyu.

Interim Condensed Consolidated Financial Statements

30 COMMITMENTS (continued)

(iii) Other commitments (continued)

Up to 12 February 2021 (i.e. 3 years after the date of full payment of the capital contributions made by the Limited Partners and the General Partner as disclosed above), the Company has not completed the abovementioned acquisition. The Group held communications with the Limited Partners and the General Partners during the year ended 31 December 2021 in relation to the execution of the Forward Purchase Agreement. The Limited Partners and General Partners agreed to waive all of the Overdue Penalty as may have been incurred.

During the six months ended 30 June 2022, the Group has entered into two agreements with Ningbo Zhongbang to acquire the respective interests held by Ningbo Zhongbang and the interests held by China Merchants Securities Asset Management Company Limited to be acquired by Ningbo Zhongbang ("**Revised Forward Purchase Agreements**") at an aggregate consideration of approximately RMB3,020,637,000.

Pursuant to the Revised Forward Purchase Agreements, Ningbo Zhongbang shall utilise the loan payable to the Group of approximately RMB904,315,000 to offset the committed acquisition consideration to be borne by the Company. As at 30 June 2022, earnest money of RMB1,339,100,000 (31 December 2021: RMB610,000,000) has been paid by the Group and was recognised and included in other receivables in the interim condensed consolidated statement of financial position.

As at 30 June 2022, derivative financial instruments of RMB2,688,011,000 (31 December 2021: RMB1,820,321,000) for the committed acquisition of the interest in the Fund at an agreed consideration, based on the valuation on Shanghai Joyu performed by an independent professional qualified valuer by using discounted cash flows approach, was recognised in the interim condensed consolidated statement of financial position as at 30 June 2022.

Interim Condensed Consolidated Financial Statements

30 COMMITMENTS (continued)

(iii) Other commitments (continued)

As at 30 June 2022, the maximum consideration to be paid by the Group to complete these transactions, based on the terms set out in the Revised Forward Purchase Agreements and taking into consideration the loan payable by Ningbo Zhongbang of approximately RMB904,315,000, would be approximately RMB777,222,000. Subsequent to the end of the reporting period, all of the outstanding consideration was settled and the Group has completed the transfer of interests attributable to Ningbo Zhongbang. The transfer of remaining interests is still in progress.

31 PLEDGE OF ASSETS

At the end of the reporting period, certain assets of the Group were pledged to secure banking and other facilities granted to the Group and connected persons as follows:

	30 June 2022 (Unaudited) RMB'000	31 December 2021 (Audited) RMB'000
Property, plant and equipment	**725,995**	2,113,881
Investment properties	**4,659,954**	4,820,921
Right-of-use assets regarding the land use rights	**415,853**	358,195
Trade receivables	**398,803**	398,803
Financial assets at FVOCI	**812,855**	1,338,295
Properties under development	**539,699**	323,844
Properties held for sale	**99,649**	106,443
Pledged bank deposits	**3,583,802**	1,897,477
	11,236,610	11,357,859

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32 RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these interim condensed consolidated financial statements, the Group also had the following significant transactions with related parties during the period:

(i) Transactions with related parties

	Note	For the six months ended 30 June 2022 (Unaudited) RMB'000	2021 (Unaudited) RMB'000
Associates:			
– Sales of products	(c)	**–**	86
– Purchases of products	(b)	**–**	15
– Interest income	(g)	**1,743**	–
Joint ventures:			
– Sales of products	(c)	**–**	87,091
– Interest expense	(d)	**6,907**	6,899
The subsidiaries of the Group's ultimate controlling shareholder:			
– Management service income	(e)	**248**	270
– Rental income and other charges	(a)	**900**	921
The Group's controlling shareholder:			
– Loan received	(f)	**664,095**	545,579
– Repayment of loan received	(f)	**647,630**	131,619
– Interest expense	(f)	**–**	14,200

Interim Condensed Consolidated Financial Statements

32 RELATED PARTY TRANSACTIONS (continued)

(i) Transactions with related parties (continued)

Note:

(a) Rental income and recharges represented charges to a company controlled by Mr. Ji for rent of certain premises, and recharges of water, electricity and overhead costs according to the actual costs incurred.

(b) The purchases from the associates were made according to the published prices and were agreed by both parties.

(c) The sales to the associates and joint ventures were made according to the published prices and conditions offered to the major customers of the Group, except that a longer credit period of up to six months was normally granted.

(d) On 13 March 2017, the Group entered into an agreement with Fullshare Value Fund I L.P. to borrow USD53,739,000 (equivalent to RMB370,558,000) at an annual interest rate of 8%. During the six months ended 30 June 2022, interest expense of RMB6,907,000 was recognised (six months ended 30 June 2021: RMB6,899,000).

(e) The management service income is generated from the transactions which are carried out on terms agreed by the Group and the counterparty, which is ultimately controlled by Mr. Ji.

(f) The Group entered into several loan agreements with Magnolia Wealth International Limited ("**Magnolia Wealth**"), the immediate and ultimate holding company of the Company. As at 30 June 2022, amounts due to Magnolia Wealth are current and interest-free (31 December 2021: current and interest-free). During the six months ended 30 June 2022, the Group recognised an imputed interest expense of Nil (six months ended 30 June 2021: RMB14,200,000) for the loan portion previously classified as non-current, received loan of RMB664,095,000 (six months ended 30 June 2021: RMB545,579,000) and repaid loan of RMB647,630,000 (six months ended 30 June 2021: RMB131,619,000).

(g) The interest income is generated from a loan to Sparrow, an associate of the Group. During the six months ended 30 June 2022, interest income of approximately RMB1,743,000 (six months ended 30 June 2021: Nil) was recognised.

Interim Condensed Consolidated Financial Statements

32 RELATED PARTY TRANSACTIONS (continued)

(ii) Outstanding balances arising from transactions with related parties:

The Group's outstanding balances with its related parties as at the end of the reporting period are disclosed in loans receivables (Note 19(i)), other receivables (Note 19(ii)), trade receivables (Note 20), trade and bills payables (Note 22), other payables and accruals (Note 23) and bank and other borrowings (Note 24).

(iii) Outstanding guarantee provided by the Group to related parties:

(a) As at 31 December 2018, the Group has provided guarantees to Nanjing Jiangong Industrial Group Co., Ltd* (南京建工產業集團有限公司) ("**Nanjing Jiangong Industrial**") and Nanjing Jiangong Group Co. Ltd. (南京建工集團有限公司) ("**Nanjing Jiangong**") in favour of their bank loans ("**Bank Loans**") of RMB1,150,000,000 in aggregate by pledging a commercial property directly held by Nanjing Deying Property Limited (南京德盈置業有限公司) (a wholly-owned subsidiary of the Company) with gross floor areas of approximately 100,605 square meters with auxiliary facilities located at Yuhuatai District, Nanjing, Jiangsu Province, the PRC.

On 13 June 2018 and 20 September 2018, each of Mr. Ji, Nanjing Jiangong Industrial and Nanjing Jiangong executed two guarantee letters (collectively referred to as the "**Guarantee Letters**") in favor of the Group. Pursuant to the Guarantee Letters, Mr. Ji undertook that before the Bank Loans are fully repaid or the pledge is released, the balance of loans granted by him (and/or any companies controlled by him) to the Group (the "**Granted Loans**") shall be at least HKD900,000,000 (equivalent to RMB768,217,000) and HKD550,000,000 (equivalent to RMB469,466,000), respectively; Nanjing Jiangong and Nanjing Jiangong Industrial undertook that it would provide a loan to the Company with substantially the same commercial terms as the loan agreement or pledge assets with equivalent value to the Group.

As at 30 June 2022, since the Granted Loans exceeded the outstanding amount of the Bank Loans, no provision for the obligation due to financial guarantees has been made in the Group's interim condensed consolidated financial statements.

(b) Refer to Note 29(ii) for further details of the Group's guarantees in relation to the loan agreements of related parties.

Interim Condensed Consolidated Financial Statements

32 RELATED PARTY TRANSACTIONS (continued)

(iv) Outstanding guarantee provided by related party to the Group:

As at 30 June 2022 and 31 December 2021, a guarantee of HK$8,000,000 (equivalent to RMB6,653,000 and RMB6,527,000 respectively) at maximum was provided by Mr. Ji to a subsidiary for securing its loan portfolio.

(v) Compensations of key management personnel of the Group:

	For the six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Short term employee benefits	**5,216**	5,524
Post-employment benefits	**236**	211
Total compensations paid to key management personnel	**5,452**	5,735

33 EVENTS AFTER THE REPORTING PERIOD

On 29 July 2022, the Company entered into a placing agreement with the placing agent pursuant to which, the placing agent agreed to procure the placees to subscribe for a maximum of 1,970,000,000 placing shares at the placing price of HK$0.11 per placing share. The completion of the placing took place on 24 August 2022. Details of the placing are set out in the Company's announcements dated 29 July 2022 and 24 August 2022 respectively.

On 29 July 2022, the Company entered into a subscription agreement with the subscriber, pursuant to which, the subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 1,970,000,000 subscription shares at a price of HK$0.11 per subscription share. Up to the date of these interim condensed consolidated financial statements, the subscription is yet to be completed pursuant to the subscription agreement. Details of the subscription are set out in the Company's announcement dated 29 July 2022.

Additional Information Required by the Listing Rules

BUSINESS REVIEW

During the Period Under Review, the revenue of the Group was derived from property, tourism, investment and financial services, healthcare and education and new energy businesses.

(1) Property business

(a) Property sales

During the Period Under Review, the Group had contracted sales of approximately Renminbi ("**RMB**")1,580,000, representing a decrease of approximately 96% as compared with the six months ended 30 June 2021 (the "**Corresponding Period of 2021**"). The Group made contracted sales for an aggregate gross floor area ("**GFA**") of approximately 152 sq.m., representing a decrease of approximately 96% as compared with the Corresponding Period of 2021. The contract sales for Period Under Review were mainly contributed by Lianyungang Shunfeng Project. As at 30 June 2022 and 31 December 2021, the Group has delivered the properties for all signed sales contracts. The decrease in contracted sales and GFA was mainly because most of the projects have been completed and disposed of in previous years. During the Period Under Review, the average contracted selling price was approximately RMB10,398 per sq.m., representing a decrease of approximately 11% as compared with the Corresponding Period of 2021.

Additional Information Required by the Listing Rules

As at 30 June 2022, a breakdown of the major properties held by the Group in the People's Republic of China (the "**PRC**") and their construction status was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area (sq.m.)	GFA Completed (sq.m.)	GFA under construction (sq.m.)	Accumulated contracted sales GFA (sq.m.)	Interest attributable to the Group
Yuhua Salon (雨花客廳) A1	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	33,606	79,287	–	60,300	100%
Yuhua Salon (雨花客廳) A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Hotel and office project	Completed	Completed	30,416	81,380	–	–	100%
Yuhua Salon (雨花客廳) C South	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	42,639	133,832	–	70,946	100%
Yuhua Salon (雨花客廳) C North	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Apartment and commercial project	Completed	Completed	48,825	189,193	–	68,707	100%
Lianyungang Shunfeng Project (連雲港順豐項目)#	No. 8 Xinguang Road, Lianyunggang District economics development zone. Nanjing, Jiangsu Province, the PRC	Commercial project	Completed	Completed	–	7,571	–	152	100%
Xiangti Villa (香醍名邸) Phase 2	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Not yet commence construction	Second quarter of 2024	30,932	–	–	–	80%
Xiangti Villa (香醍名邸) Phase 3A	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Completed	Completed	6,644	5,585	–	–	80%
Xiangti Villa (香醍名邸) Phase 3B	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Under construction	Second quarter of 2023	35,521	–	69,448	–	80%
Xiangti Villa (香醍名邸) Phase 4	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Completed	Completed	28,459	22,758	–	18,625	80%
					257,042	519,606	69,448	218,730	

It represents the vacant shops acquired by the Group during the year ended 31 December 2020.

Additional Information Required by the Listing Rules

(b) Investment properties

As at 30 June 2022, the investment properties of the Group mainly included Wonder City* (虹悦城), certain units of Yuhua Salon* (雨花客廳), Liuhe Happy Plaza Project* (六合歡樂廣場項目), Nantong Youshan Meidi Garden Project* (南通優山美地花園項目), Huitong Building Project* (匯通大廈項目), Zhenjiang Youshan Meidi Garden Project* (鎮江優山美地花園項目) and Weihai Project* (威海項目).

	Address	Existing use	Term of contract	GFA (sq.m.)	Interest attributable to the Group
Nanjing					
Wonder City (虹悦城)	No. 619 Yingtian Da Jie, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	100,605	100%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and shopping mall	Medium-term covenant	85,338	100%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	2,704	100%
Liuhe Happy Plaza Project (六合歡樂廣場) (two floors)	No. 52-71 Longjinlu Liuhe District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	18,529	100%
Liuhe Happy Plaza Project (六合歡樂廣場) (certain units)	No. 52-71 Longjinlu Liuhe District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	1,628	100%

Additional Information Required by the Listing Rules

	Address	Existing use	Term of contract	GFA (sq.m.)	Interest attributable to the Group
Nantong					
Nantong Youshan Meidi Garden Project (南通優山美地花園項目)	No. 1888, Xinghu Avenue, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building Project (匯通大廈項目)	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project (鎮江優山美地花園項目)	At the cross of Guyang North Road and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC	Commercial	Medium-term covenant	10,085	100%
Weihai					
Weihai Project (威海項目)	Block 1, No. 229, Rongshan Road, Chengshan, Rongcheng City, Weihai, Shandong Province, the PRC	Commercial	Medium-term covenant	6,472	100%
				266,698	

(c) Green building services and entrusted construction services

During the Period Under Review, the Group engaged in provision of technical design and consulting services, green management services and entrusted construction services in the PRC. During the Period Under Review, the revenue from both green building services and entrusted construction services was approximately RMB1,132,000 (six months ended 30 June 2021: RMB5,349,000).

Additional Information Required by the Listing Rules

(2) Tourism business

During the Period Under Review, the Group has gradually developed its tourism business, with an industrial layout that combines investment and businesses and an integration of long-term and short-term initiatives. The tourism property projects currently being invested and held by the Group include the Laguna project in Queensland, Australia, the Sheraton project in Australia and Five Seasons Hotel project.

The Laguna project is located in Bloomsbury, Queensland, Australia which is a large-scale comprehensive development project adjacent to the Great Barrier Reef with a land lot site area of approximately 29,821,920 sq.m. The land is currently held for future development.

The Sheraton project is located in Port Douglas, Queensland, Australia, a globally renowned tourist resort. The project comprises the Sheraton Mirage Resort and the Golf Club and has a total of 295 guest rooms, 4 restaurants and bars, and an 18-hole golf course, with a total land lot site area of approximately 1,108,297 sq.m., and a total GFA of approximately 62,328 sq.m. During the Period Under Review, Australia's attitude towards the COVID-19 epidemic has basically normalized. Starting from November 2021, the lockdown among states has been lifted except Western Australia. The number of local tourists in Australia has also surged, but local Australian tourists remain conservative for outbound travel. Sheraton Hotel has seen a marked improvement in operations since January 2022. The turnover in the first quarter, which was historically a low season due to the climate, exceeded expectations. Public holidays and school holidays in April brought Sheraton the highest room revenue in the same month since its opening.

Nanjing Five Seasons Hotel is located in the Software Valley, Nanjing City, Jiangsu Province, the PRC with a land lot site area of 30,416.26 sq.m. and a total GFA of 81,379.8 sq.m. During the Period Under Review, the hotel restaurants and 180 rooms have been put into full operation.

Additional Information Required by the Listing Rules

(3) Investment and financial services business

During the Period Under Review, the Group's investment and financial services business consists of holding and investing in various listed and unlisted equities and treasury products and provision of investment and financial related services.

(a) Listed equity investments held for trading

The portfolio of listed equity investments of the Group held for trading as at 30 June 2022 and 31 December 2021 is set out as below:

As at 30 June 2022

Stock code	Name	Number of shares held (Note 2)	Effective shareholding interest	Acquisition cost RMB'000	Carrying amount RMB'000	Unrealised holding gain/(loss) arising on revaluation for the period RMB'000	Realised gain/(loss) arising from the disposal for the period RMB'000	Dividend received/ receivable for the period RMB'000
153.HK (Note 1)	China Saite Group Company Limited	190,120,000	6.29%	88,646	16,877	-	-	-
2098.HK (Note 1)	Zall Smart Commerce Group Ltd ("**Zall Group**")	80,000,000	0.65%	31,137	34,826	4,096	-	-
1708.HK (Note 1)	Nanjing Sample Technology Company Limited	10,000,000	1.26%	50,641	32,862	(19,618)	-	-
					84,565	(15,522)	-	-

Notes:

1. All of the above companies are listed companies on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")

2. All of the shares held by the Group are ordinary shares of the relevant company.

Additional Information Required by the Listing Rules

As at 31 December 2021

Stock code	Name	Number of shares held (Note 2)	Effective shareholding interest	Acquisition cost RMB'000	Carrying amount RMB'000	Unrealised holding gain/(loss) arising on revaluation for the year RMB'000	Realised gain/(loss) arising from the disposal for the year RMB'000	Dividend received/ receivable for the year RMB'000
153.HK (Note 1)	China Saite Group Company Limited	190,120,000	6.29%	88,646	16,131	–	–	–
2098.HK (Note 1)	Zall Group (Note 3)	–	0%	–	–	(59)	–	–
1708.HK (Note 1)	Nanjing Sample Technology Company Limited	–	0%	–	–	–	985	–
					16,131	(59)	985	–

Notes:

1. These companies are listed companies on the Stock Exchange

2. All of the shares held by the Group are ordinary shares of the relevant company.

3. During the year ended 31 December 2021, the Company completed disposal of entire interest in a subsidiary holding shares of Zall Group, hence as at 31 December 2021, the Group did not hold any shares of Zall Group.

As at 30 June 2022 and 31 December 2021, the Group did not hold any significant investment with a value greater than 5% of the Group's total assets.

(b) Other investments

During the Period Under Review, apart from the above listed equity investments, the Group continued to monitor the portfolio performance and adjust the investments portfolio when necessary. The diversified investment portfolio is to implement the direction of expanding the sources of the Group's investment income and stabilizing its long term investment strategies.

Additional Information Required by the Listing Rules

(c) Investment and financial related consulting services

The Group offers a wide range of financial services to listed companies, high net-worth individuals and institutional & corporate clients, which include corporate finance, investment management, equity capital markets and money lending services, via a well-developed group of subsidiaries (referred to as the "**Baoqiao Group**")

During the Period Under Review, this segment recorded a gain of approximately RMB973,557,000 (six months ended 30 June 2021: loss of RMB94,323,000). The significant changes was mainly derived from the reversal of impairment on certain financial assets upon collection of defaults loans during the Period Under Review. The net reversal of impairment losses recognised for loan receivables for the Period Under Review was approximately RMB964,868,000 (six months ended 30 June 2021: impairment losses of RMB147,947,000).In addition, the loss from fair value change after tax of the financial instruments at fair value through other comprehensive income was approximately RMB56,060,000 (six months ended 30 June 2021: RMB81,637,000). As at 30 June 2022, the total amount of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income held by the Group were approximately RMB1,011,524,000 and RMB5,336,269,000 (31 December 2021: RMB1,248,037,000 and RMB6,221,520,000) respectively.

(4) Healthcare and education business and others

During the Period Under Review, the Group disposed of certain equity interests in the Sparrow Early Learning Pty Ltd, principal activity of which is provision of early education services in Australia because it represents a good opportunity for the Group to realise a reasonable return and obtain funds while retaining a significant minority shareholding in Sparrow. The Group will continue to identify appropriate investment opportunities to inject new impetus for the sustainable development of healthcare and education businesses. The revenue of healthcare and education segment was approximately RMB3,566,000 (six months ended 30 June 2021: RMB1,261,000).

Additional Information Required by the Listing Rules

(5) New Energy segment

(a) Wind gear transmission equipment

The Group is a leading supplier of wind gear transmission equipment in China, by leveraging on its strong research, design and development capabilities, our technology have reached an internationally advanced technical level. The wind gear transmission equipment products of the Group are widely applied in onshore and offshore wind power. The 2MW-7MW wind gear transmission equipment products have been provided to domestic and overseas customers in bulk. During the Period under Review, the Group maintains a strong customer portfolio. Customers of its wind gear transmission equipment business include the major wind turbine manufacturers in the PRC, as well as the renowned international wind turbine manufacturers such as GE Renewable Energy, Siemens Gamesa Renewable Energy, Suzlon and Doosan. The wind gear transmission equipment is a major product that has been developed by the Group.

(b) Industrial gear transmission equipment

The Group's industrial gear transmission equipment products are widely applied to customers in industries such as metallurgy, construction materials, rubber and plastic, petrochemical, aerospace, mining, ports and engineering machinery. In recent years, the Group has always adhered to the strategy for green development of the industrial gear transmission equipment. With a focus on energy conservation, environmental protection and low carbon, as well as in-depth exploration in the transmission technology and extended driving technology, the Group has, under the iteration and upgrading of product technology in the field of heavy-duty transmission, developed standardized, modular and intelligent products which are internationally competitive and an electromechanical control integrated drive system with high efficiency, high reliability and low energy consumption. Through the characteristics of "complete range, clear layers and precise subdivision" as our products positions and market positions, the Group would be able to facilitate its change in sales strategies and production mode, which improves its comprehensive competitiveness and further consolidates its market advantages. Meanwhile, the Group has vigorously explored developed new markets and expanded new industries. In particular, the Group aims to focus on the research and development of the standard gear box and planetary gear box segment and to explore new markets of the same segment. At the same time, the Group has also strengthened its efforts to provide and sell parts and components of relevant products as well as comprehensive system solutions to its customers, helping them to enhance their current production efficiency and reduce energy consumption without increasing capital expenditure and satisfying the diverse and differentiated needs of customers, thereby maintaining the Group's position as a major supplier in the industrial gear transmission equipment market.

Additional Information Required by the Listing Rules

(c) Rail transportation gear transmission equipment

The Group's rail transportation gear transmission equipment products are widely used in the rail transportation fields such as high-speed rails, metro lines, urban train and tram. The Company has established long-term cooperative relationships with many well-known domestic and foreign companies in the industry. The Group has obtained ISO/TS 22163 Certificate for the Quality Management System of International Railway Industry for its rail transportation gear transmission equipment products, which has laid a solid foundation for further expansion in the international rail transportation market. Currently, the products have been successfully applied to rail transportation transmission equipment in Beijing, Shanghai, Shenzhen, Nanjing, Hong Kong, Taipei and other cities in China and have also been successfully applied to rail transportation transmission equipment in multiple countries and regions such as Singapore, Brazil, Netherlands, India, Mexico, Tunisia, Australia, Canada, France and Spain. With optimized gearbox design technology, excellent sealing technology and effective control of the production process, the Company's rail transportation gear transmission equipment is more environmentally friendly, and the products are well received by users.

(d) Trading business

The trading business of the Group mainly focuses on bulk commodity and steel industry chain. The bulk commodity trading business mainly involves the procurement and wholesale of refined oil and electrolytic copper. The trading business in steel industry chain mainly involves the procurement and wholesale of coal and coke (the raw material of steel), and the procurement and wholesale of steel. The Group's trading business in steel industry chain takes core resources of its trade system as a key point in expanding its system. At present, the Group has completed the preliminary resource integration of the steel industry from the upstream raw material to special steel, which promotes the development of the trading business.

Additional Information Required by the Listing Rules

PROSPECT

In 2022, the Group will develop steadily on its existing business sectors. Based on the idea of building up the industrial platform, the Group will operate and integrate resources on the resource end and platform end of self-operation, equity participation and cooperation, so as to form an industrial platform with complete industrial hierarchy, business synergy and transaction logic. The Group will keep a close eye on high-quality healthcare projects in the market, and make steady investments prudently to yield satisfactory investment return. The Group firmly believes that a diversified business portfolio will bring it sustainable and stable revenue, whereas various businesses will also fully utilize the synergy effect, laying a solid foundation for the development of the Group.

The Group will continue striving to maintain a sound financial management policy, improve the effective utilization rate of funds, strengthen the internal corporate governance, control both business and financial risks and enhance its risk-resistant ability.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is convinced that good corporate risk management is of particular importance to its sustainable development, corporate reputation and shareholder value. The Group is committed to maintaining a high standard of management based on the principles of integrity, transparency, accountability and independence, as well as conducting irregular risk assessments and preventive measures for sustainable future development. The principal risks of the Group are summarized and managed as follows.

Macro-economic environment

The Group currently operates real estate and healthcare tourism business in China, and holds financial assets mainly for investment. Changes in the economic environment may lead to adverse risks in the business environment. In recent years, the Chinese government has continuously adjusted its policies and measures for real estate, which has standardized the asset management business in the financial market, but meanwhile inhibited the development of real estates for investment.

Management's response: The release of the purchase restriction policy in China and the central bank's interest rate cut will further benefit the real estate industry. The Group will continue paying attention to the policy direction in the fields of real estate and finance, improve asset management and take financing methods flexibly. It will adjust its investment portfolios according to the actual market conditions through clear risk management policies and sound investment strategies, so as to further enhance its profitability.

Additional Information Required by the Listing Rules

Market competition

China's real estate market is seeing fierce competition, in the fields including but not limited to flow, service, quality, design, branding, cost control and environmental support. If competitors of the Group continue improving their products, it may have a negative impact on the overall profitability of the Group.

Management's response: Currently, the real estate projects of the Group are mainly commercial properties, while the adjustment in policies aims at residential properties. The Group will pay close attention to the policy information and the market landscape, and adjust the progress of development and sales to reduce the risk of competition. The Group expects to continuously improve the quality of its products and services, and effectively expand the market demand for its products and services at the current stage of industry integration, through accurate positioning and effective risk control.

Changes in exchange rate

At present, the Group mainly takes RMB as its operating currency. However, the Group's export sales and equipment import are mainly denominated in USD and Euro. In addition, the Group's overseas corporate assets and liabilities are mainly held in foreign currencies. Therefore, the Group's operating cash flows and asset prices are subject to changes in exchange rate.

Management's response: The Group will continue tracking changes in national monetary policies and the global economy, and pay close attention to hedging tools of exchange rate risks in the market. It will actively manage financial assets by formulating measures and strategies to manage foreign exchange risks, so as to reduce the impact of changes in exchange rate on the Group.

Impact of global COVID-19 pandemic

In the first half of 2022, the pandemic caused by COVID-19 still plagued the whole world. Outbound travels was subject to the quarantine policies and, the pandemic is still recurrent domestically, affecting economic development and people's travel and consumption. Countries in Europe, the United States and Asia are gradually lifting or relaxing their quarantine policies and prevention measures related to COVID-19. The global economy activities are believed to restore to normal.

Additional Information Required by the Listing Rules

Management response: The Australian hotel business have gradually recovered. The revenues of Australian hotels for the the first half of 2022 were RMB137,737,000, representing a year-on-year increase of approximately RMB26,563,000 as compared to that of the Corresponding Period of 2021, up by approximately 24%. Domestic outbreaks of the pandemic are recurrent. In March 2022, a new wave of COVID-19 infection spread in China, which also had an impact on the Company's commercial and hotel operations to some extent. The Company has taken strict pandemic prevention measures, prepare for possible risks and make contingency plans in advance. At present, the Company's operation projects in Nanjing have returned to normal operating levels. In the face of uncertainties and challenges in the business environment, the Group will continue to prudently manage operating costs and adhere to the established strategy of properly managing established brands, while prudently investing in appropriate new opportunities.

Hotel business

Following the outbreak of coronavirus disease 2019 pandemic, the Group's hotel business in Australia has been directly impacted by ongoing international and domestic travel restrictions. Continued restrictions regarding dining outlets and activities have occurred throughout the period pursuant to the prevention measures implemented by the Australian government.

Start of 2022 saw continued easing of restriction which led to large increases in travel from pent up demand whilst at the same time the COVID-19 Omicron variant outbreak had a big impact on staffing levels throughout the industry particularly in January. During this period the resort stayed open with a focus on recruitment and training that, along with return of the group segment that has been brought forward from past two years, has delivered record revenues and profits throughout the first half of 2022 which is a trend that is being forecasted for the balance of the year.

The Management is now well versed to constantly monitor and evaluate the potential implications of coronavirus, so it is in a position to flex along with any changes in customer demand in Australia as a general level of uncertainty still remains.

Additional Information Required by the Listing Rules

FINANCIAL REVIEW

Revenue

The revenue of the Group from the continuing operations decreased by approximately RMB931,372,000, or 9%, from approximately RMB10,911,503,000 for the Corresponding Period of 2021 to approximately RMB9,980,131,000 for the Period Under Review. The revenue from the continuing operations and the changes for the Period Under Review and Corresponding Period of 2021 derived from different segments are listed as below:

Segment	Period Under Review	Corresponding Period of 2021	Changes	
	RMB'000	RMB'000	RMB'000	percentage
Properties	129,865	162,164	(32,299)	(20)%
Tourism	155,331	138,661	16,670	12%
Investment and financial services	5,783	7,910	(2,127)	(27)%
Healthcare and education and others	3,566	1,261	2,305	183%
New Energy	9,685,586	10,601,507	(915,921)	(9)%
Total Revenue	9,980,131	10,911,503	(931,372)	(9)%

The decrease of the revenue of the Group mainly derived from new energy segment which contributed the largest decrement to the revenue of Group amounting to approximately RMB915,921,000. It was mainly due to the decrease in selling price and sales volume of wind gear transmission equipment as a result of continual outbreak of COVID-19 in the PRC.

The revenue from tourism segment increased by approximately RMB16,670,000. It is because during the Period Under Review, the gradual normalisation of the life of Australian citizen after the outbreak of COVID-19 pandemic continuously contributed the increase in the demand for staycation locally. As a result, the revenue increased in the Period Under Review.

The revenue from properties segment decreased by approximately RMB32,299,000 which was mainly because fewer property units were sold even though more rental income was earned in the Period Under Review.

Additional Information Required by the Listing Rules

Cost of sales and services

The cost of sales and services of the Group from the continuing operations decreased by approximately RMB507,990,000, or 6%, from approximately RMB9,034,803,000 for the Corresponding Period of 2021 to approximately RMB8,526,813,000 for the Period Under Review. The cost and changes from the continuing operations for the Period Under Review and Corresponding Period of 2021 derived from different segments are listed as below:

Segment	Period Under Review	Corresponding Period of 2021	Changes	
	RMB'000	RMB'000	RMB'000	percentage
Properties	47,895	125,690	(77,795)	(62)%
Tourism	134,604	103,933	30,671	30%
Investment and financial services	1,820	1,031	789	77%
Healthcare, education and others	2,501	956	1,545	162%
New energy	8,339,993	8,803,193	(463,200)	(5)%
Total cost	8,526,813	9,034,803	(507,990)	(6)%

Gross profit and gross profit margin

The gross profit of the Group from the continuing operations decreased by approximately RMB423,382,000, or 23%, from approximately RMB1,876,700,000 in the Corresponding Period of 2021 to approximately RMB1,453,318,000 for the Period Under Review. The gross profit margin decreased from 17% in the Corresponding Period of 2021 to 15% for the Period Under Review. The gross profit of the Group was mainly derived from new energy segment. The gross profit and gross profit margin for the Period Under Review derived from new energy segment was approximately RMB1,345,593,000 and 14% respectively. The gross profit and gross profit margin in the Corresponding Period of 2021 derived from new energy segment were RMB1,798,314,000 and 17% respectively. The decrease in gross profit of new energy segment was mainly due to (a) the decrease in selling price of the wind gear transmission equipment; (b) the increase in price of raw materials; and (c) the decrease in sales due to the continual outbreak of COVID-19.

Additional Information Required by the Listing Rules

Selling and distribution expenses

Selling and distribution expenses of the Group from the continuing operations decreased slightly by approximately RMB8,755,000, or 4%, from approximately RMB239,285,000 in the Corresponding Period of 2021 to approximately RMB230,530,000 for the Period Under Review. The selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses and staff costs.

Administrative expenses

Administrative expenses of the Group from the continuing operations decreased significantly by approximately RMB347,794,000, or 46%, from approximately RMB755,514,000 in the Corresponding Period of 2021 to approximately RMB407,720,000 for the Period Under Review. The administrative expenses for the Period Under Review mainly included salaries and staff welfare, depreciation and amortization of tangible and intangible assets. The significant decrease in the administrative expenses during the Period Under Review was mainly due to the provision for penalty for late payment of a loan and failure to execute a forward purchase agreement on due date was made in the Corresponding Period of 2021. No such provision was made in the Period Under Review.

Research and development costs

Research and development costs of the Group decreased by approximately RMB85,306,000, or 19%, from approximately RMB451,007,000 in the Corresponding Period of 2021 to approximately RMB365,701,000 for the Period Under Review. The decrease in research and development costs mainly due to the decrease in efforts put on research and development of new products in new energy segment.

Net reversal of/(provision for) impairment losses on the financial assets

A net reversal of impairment loss of RMB914,741,000 on the financial assets and financial guarantee contracts of the Group was noted in the Period Under Review as compared with the net impairment loss of RMB227,260,000 was recognised for the Corresponding Period of 2021. A significant net impairment losses has been recognised in previous years due to the increment of the expected loss rate of loans and other receivables in view of delayed repayments and continuous worsening financial status of certain borrowers or debtors. During the Period Under Review, with the continuous efforts of the management, certain debtors repaid the overdue balances which had been impaired and accordingly, a net reversal of impairment loss was recognised.

Additional Information Required by the Listing Rules

Other income

Other income decreased by approximately RMB97,323,000, or 32%, from approximately RMB306,462,000 in the Corresponding Period of 2021 to approximately RMB209,139,000 for the Period Under Review. Other income for the Period Under Review mainly included bank and other interest income of approximately RMB98,104,000. Other income in the Corresponding Period of 2021 mainly included bank and other interest income of approximately RMB162,876,000 and dividend income of approximately RMB23,604,000.

Net fair value change in financial instruments

The Group maintains its investment segment through possessing and investing in various investment and financial products for potential or strategic use purposes. The Group recorded a loss on change in fair value of financial instruments of approximately RMB862,677,000 and RMB513,976,000 for the Period Under Review and the Corresponding Period of 2021 respectively. The fair value change was mainly derived from derivative financial instruments in respect of a forward contract to acquire an entity, principal activity of which is engaged in tourism business. During the Period Under Review, the strict measures against COVID-19 in the PRC affect the tourism business seriously. Accordingly, the valuation of the entity was further reduced.

Finance costs

Finance costs of the Group from the continuing operations increased by approximately RMB103,449,000, or 38%, from approximately RMB275,726,000 in the Corresponding Period of 2021 to approximately RMB379,175,000 for the Period Under Review, which was mainly due to the the accrued interest of approximately RMB84,115,000 incurred arising from the put option liability in connection with the disposal (the "**Disposal**") of 43% equity interest in Nanjing High Speed Gear Manufacturing Co., Ltd.* (南京高速齒輪製造有限公司), a subsidiary of the Group, during the Period Under Review and more average borrowing amount of the Group for the Period Under Review than in the Corresponding Period of 2021.

Share of result of joint ventures and associates

The Group's share of profit from its joint ventures and associates amounted to approximately RMB8,273,000 for the Period Under Review as compare with share of loss of approximately RMB1,312,000 in the Corresponding Period of 2021. It is mainly due to better performance of investees was noted during the Period Under Review.

Additional Information Required by the Listing Rules

Income tax expense/credit

For the Period Under Review, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB400,720,000 and RMB43,865,000 respectively, and in the Corresponding Period of 2021, the current tax expense and the deferred tax credit amounted to approximately RMB192,856,000 and RMB32,184,000, respectively.

The increase in current tax during the Period Under Review was mainly because the income tax expenses of approximately RMB315,140,000 incurred arising from the Disposal during the Period Under Review, although less profits generated by new energy segment.

Profit for the Period Under Review

For the Period Under Review, the Group recorded a profit after tax of approximately RMB206,096,000 while in the Corresponding Period of 2021, the Group recorded a loss after tax of approximately RMB365,808,000. The operating performance for Period Under Review was less satisfying mainly due to the significant decrease in operating profits from new energy segment. The new energy segment encountered the lower of selling price and volume while the increase in raw material costs. In addition, the Disposal resulted in recognition of significant tax expenses and interest accruals. Accordingly, the contribution from the new energy segment decreased significantly during the Period Under Review. Also, there was a significant fair value loss recognised on derivative financial instruments in respect of a forward contract. However, the continuous repayment of overdue loan receivables which were impaired in previous years contributed a significant reversal of impairment loss, which offset the negative impacts brought from new energy segment and derivative instruments.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

For the Period Under Review, the Group financed its operations and investments mainly by internally generated funds and debt financing.

Cash position

As at 30 June 2022, the Group had cash and cash equivalents (excluding the restricted cash) of approximately RMB5,579,164,000 (31 December 2021: RMB3,473,102,000), representing an increase by approximately RMB2,106,062,000 or 61% as compared to 31 December 2021. The Group's cash and cash equivalents remain stable. The Group regularly and closely monitors its funding and treasury position to meet the funding requirements of the Group.

Additional Information Required by the Listing Rules

Bank and other borrowings and corporate bonds

As at 30 June 2022 and 31 December 2021, the debt profile of the Group was analysed as follows:

	As at 30 June 2022 RMB'000	As at 31 December 2021 RMB'000
Bank and other borrowings repayable:		
Within one year or on demand	**8,097,378**	7,357,209
Between one and two years	**2,607,060**	1,078,716
Between two to five years	**395,209**	811,113
Over five years	**44,040**	47,043
Total debts	**11,143,687**	9,294,081

As at 30 June 2022, the total debt of the Group increased by approximately 1,849,606,000 or 20%, as compared with 31 December 2021.

Leverage

The gearing ratio of the Group as at 30 June 2022, calculated as a ratio of the sum of bank and other borrowings and corporate bonds to total assets, was approximately 21% (31 December 2021: 20%). The net equity of the Group as at 30 June 2022 was approximately RMB17,823,088,000 (31 December 2021: approximately RMB17,995,855,000).

As at 30 June 2022, the Group recorded total current assets of approximately RMB31,608,688,000 (31 December 2021: RMB24,751,821,000) and total current liabilities of approximately RMB28,728,106,000 (31 December 2021: RMB23,147,896,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.1 as at 30 June 2022 (31 December 2021: 1.1).

FOREIGN EXCHANGE EXPOSURE

The assets, liabilities and transactions of the Group are mainly denominated in RMB, Hong Kong dollars, Australian dollars, US dollars, Euros and Singaporean dollars. The Group currently does not have a foreign currency hedging policy. In order to manage and reduce foreign exchange exposure, the management will evaluate the Group's foreign exchange exposure from time to time and take actions as appropriate.

Additional Information Required by the Listing Rules

TREASURY POLICIES

As at 30 June 2022, bank and other borrowings of approximately RMB10,113,295,000, RMB785,333,000, RMB50,689,000 and RMB194,370,000 were denominated in RMB, US dollars, Hong Kong dollars and Australia dollars respectively (31 December 2021: RMB8,144,297,000, RMB880,461,000, RMB18,189,000 and RMB251,134,000). The debts in various currencies were mainly made to finance the operation of Group's entities in different jurisdictions.

Bank and other borrowings of approximately RMB8,161,908,000 (31 December 2021: RMB6,958,317,000) were at fixed interest rates, the remaining balances were either at variable rates or non-interest bearing. Cash and cash equivalents held by the Group were mainly denominated in RMB, Hong Kong and Australia dollars. The Group currently does not have foreign exchange and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

PLEDGE OF ASSETS

Details of the Group's pledged assets as at 30 June 2022 are set out in note 31 to the interim condensed consolidated financial statements in this report.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the Period Under Review, are set out in note 5 to the interim condensed consolidated financial statements in this report.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 30 June 2022 are set out in note 30 to the interim condensed consolidated financial statements in this report.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2022 are set out in note 29 to the interim condensed consolidated financial statements in this report.

SUBSEQUENT EVENTS

As at 30 June 2022, details of the subsequent events of the Group are set out in note 33 to the interim condensed consolidated financial statements in this report.

Additional Information Required by the Listing Rules

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

To expand the scale of operations and improve the quality of the assets of the Group, the Group conducted and/or completed the following material disposal during the Period Under Review:

(1) Nanjing Gear Enterprise Management Co., Ltd.* (南京高齒企業管理有限公司) (an indirect wholly-owned subsidiary of CHS, which in turn is an indirect non-wholly owned subsidiary of the Company, as vendor) (the "**Vendor**") and Nanjing High Speed Gear Manufacturing Co., Ltd.* (南京高速齒輪製造有限公司) (a direct non-wholly owned subsidiary of the Vendor, as target company) (the "**Target Company**") (i) entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Shanghai Wensheng Asset Management Co., Ltd. (上海文盛資產管理股份有限公司) (as purchaser, the "**Purchaser**") on 30 March 2021, and (ii) entered into a supplemental agreement to the Equity Transfer Agreement with the Purchaser and Shanghai Qiwo Enterprise Management Partnership (Limited Partnership)* (上海其沃企業管理合夥企業 (有限合夥)) on 15 July 2021, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 43% equity interest in the Target Company at a consideration of RMB4,300,000,000 (the "**NHS Disposal**").

The NHS Disposal was completed on 4 March 2022. Following the NHS Disposal, the Target Company continues to be an indirect non-wholly owned subsidiary of the Company and its financial results continues to be consolidated with financial results of the Group.

Details of the NHS Disposal were set out in the joint announcements made by the Company and CHS dated 30 March 2021, 30 April 2021, 21 May 2021, 15 July 2021, 15 October 2021 and 4 March 2022, the circular of the Company dated 26 May 2021 and the circular of CHS dated 26 May 2021, respectively.

(2) On 28 January 2022, Five Seasons XIX Pte. Ltd. ("**Five Seasons XIX**"), a wholly-owned subsidiary of the Company, and Sparrow Early Learning Holdings Pty Ltd. (the "**Sparrow Early Learning Holdings**"), among others, entered into a share sale and implementation agreement, pursuant to which, Five Seasons XIX conditionally agreed to dispose and Sparrow Early Learning Holdings conditionally agreed to purchase approximately 72.71% equity interest of Sparrow Early Learning Pty Ltd. ("**Sparrow Early Learning**", a non-wholly owned subsidiary of the Company as at the date of the said agreement) at a consideration of AUD69,000,000 (the "**Sparrow Disposal**").

Additional Information Required by the Listing Rules

The Sparrow Disposal was completed on 18 March 2022. Following the Sparrow Disposal, Sparrow Early Learning is no longer a subsidiary of the Company and its financial results will no longer be consolidated into the financial statements of the Group.

Details of the Sparrow Disposal were set out in the announcements of the Company dated 28 January 2022 and 18 March 2022, respectively.

During the Period Under Review, save as disclosed above, the Group did not have any other material acquisition or disposal of subsidiaries, associates or joint ventures.

THE FIRST PLACING AND RELEVANT USE OF NET PROCEEDS

On 19 May 2022, the Company entered into a placing agreement (the "**First Placing Agreement**") with BaoQiao Partners Securities (HK) Limited (the "**Placing Agent**"), pursuant to which, the Placing Agent agreed to procure the placees to subscribe for a maximum of 2,955,805,000 placing shares (the "**Placing Share(s)**") at the placing price of HK$0.10 per Placing Share on a best effort basis (the "**First Placing**"). The Placing Shares, when issued and fully paid, will rank *pari passu* in all aspects among themselves and with the shares of the Company (the "**Share(s)**") in issue on the date of the allotment and issue of the Placing Shares. The market price of the Placing Shares was HK$0.109 per Share as quoted on the Stock Exchange on 19 May 2022, being the date of the First Placing Agreement. The net placing price per Placing Share was approximately HK$0.10.

The completion of the First Placing took place on 9 June 2022. All the 2,955,805,000 Placing Shares with the aggregate nominal value of HK$29,558,050 have been successfully placed by the Placing Agent to not less than six placees at the placing price of HK$0.10 per Placing Share.

To the best of the knowledge, information and belief of the directors of the Company (the "**Director(s)**"), having made all reasonable enquiries, each of the placees of the First Placing and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company or its connected persons. None of the placees has become a substantial shareholder of the Company upon completion.

The Directors considered that the First Placing can (i) strengthen the financial position of the Group; (ii) raise further capital for future investment; and (iii) provide general working capital for the Group. The First Placing also represents a good opportunity to broaden the shareholders' base and the capital base of the Company.

Additional Information Required by the Listing Rules

The aggregate net proceeds (after deduction of the fees, commission and expenses) from the First Placing was approximately HK$294.7 million. The Group has utilised the net proceeds from the First Placing in accordance with the designated uses as set out in the announcements of the Company dated 19 May 2022, 25 May 2022 and 29 June 2022 respectively and the table below set out the relevant details during the Period Under Review and up to the date of this report:

	Intended allocation of aggregate net proceeds designated pursuant to the announcements of the Company dated 19 May 2022 and 25 May 2022 (HK$ million)	**Revised allocation of the aggregate net proceeds designated pursuant to the announcement of the Company dated 29 June 2022** (HK$ million)	**Actual usage of net proceeds up to the date of this report** (HK$ million)	**Unutilised net proceeds as at the date of this report** (HK$ million)
Repayment of the Group's loan	117.0	117.0	117.0	–
Business related to real estate investment or other similar financial products	50.0	–	–	–
Working capital and general corporate purpose (including paying expenses for operating and financing activities)	127.7	107.7	107.7	–
Earnest money on an investment engaged in the e-commerce business	–	70.0	70.0	–
Total	294.7	294.7	294.7	–

Details of the First Placing and the change in use of net proceeds from the First Placing were set out in the announcements of the Company dated 19 May 2022, 25 May 2022, 9 June 2022 and 29 June 2022, respectively.

Additional Information Required by the Listing Rules

THE SECOND PLACING AND RELEVANT USE OF NET PROCEEDS

On 29 July 2022, the Company entered into a placing agreement (the "**Second Placing Agreement**") with the Placing Agent, pursuant to which, the Placing Agent agreed to procure the placees to subscribe for a maximum of 1,970,000,000 Placing Shares at the placing price of HK$0.11 per Placing Share on a best effort basis (the "**Second Placing**"). The Placing Shares, when issued and fully paid, will rank *pari passu* in all aspects among themselves and with the Shares in issue on the date of the allotment and issue of the Placing Shares. The market price of the Placing Shares was HK$0.115 per Share as quoted on the Stock Exchange on 29 July 2022, being the date of the Second Placing Agreement. The net placing price per Placing Share was approximately HK$0.11.

The completion of the Second Placing took place on 24 August 2022. A total of 1,901,000,000 Placing Shares with the aggregate nominal value of HK$19,010,000 have been successfully placed by the Placing Agent to not less than six placees at the placing price of HK$0.11 per Placing Share.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the placees of the Second Placing and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company or its connected persons. None of the placees has become a substantial shareholder of the Company upon completion.

The Directors considered that the Second Placing represents a good opportunity to raise additional capital for the Company while broadening the shareholder base of the Company.

The aggregate net proceeds (after deduction of the fees, commission and expenses) from the Second Placing was approximately HK$208.4 million. The Group intends to apply all the net proceeds from the Second Placing for repayment of the Group's loans and amounts payable. The actual usage of the net proceeds from the Second Placing up to the date of this report was approximately HK$52.2 million. The unutilised net proceeds from the Second Placing as at the date of this report was approximately HK$156.2 million, which is expected to be used on or before 31 December 2022.

Details of the Second Placing were set out in the announcements of the Company dated 29 July 2022 and 24 August 2022, respectively.

Additional Information Required by the Listing Rules

SHARE SUBSCRIPTION

On 29 July 2022, the Company entered into a subscription agreement (the "**Subscription Agreement**") with Mr. Jiang Xiao Heng Jason（姜孝恒）(the "**Subscriber**"), pursuant to which, the Subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 1,970,000,000 subscription shares (the "**Subscription Share(s)**") at a price of HK$0.11 per Subscription Share (the "**Subscription**"). The aggregate nominal value of the Subscription Shares will be HK$19,700,000. The Subscription Shares, when issued and fully paid, will rank *pari passu* in all aspects among themselves and with the Shares in issue on the date of the allotment and issue of the Subscription Shares. The market price of the Subscription Shares was HK$0.115 per Share as quoted on the Stock Exchange on 29 July 2022, being the date of the Subscription Agreement. The net subscription price per Subscription Share will be approximately HK$0.11.

As at the date of this report, the Subscription is yet to be completed pursuant to the Subscription Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber is a third party independent of and not connected with the Company or its connected persons. It is expected that the Subscriber will not become a substantial shareholder of the Company upon completion.

The Directors considered that the Subscription represents a good opportunity to raise additional capital for the Company while broadening the shareholder base of the Company.

The aggregate net proceeds (after deduction of all relevant expenses) from the Subscription will be approximately HK$216.5 million. The Group intends to apply all the net proceeds from the Subscription for the repayment of Group's loans and amounts payable.

Details of the Subscription were set out in the announcement of the Company dated 29 July 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period Under Review.

Additional Information Required by the Listing Rules

SHARE OPTION SCHEME

The share option scheme (the "**Share Option Scheme**") was adopted by the Company which has been approved by the shareholders of the Company (the "**Shareholders**") at the Company's extraordinary general meeting held on 17 August 2018. The purpose of the Share Option Scheme is to promote the implementation of enterprise culture of co-creation and co-sharing and procure the core employees of the Company to focus on long-term operation performance, as well as to attract, retain and encourage core talents. Under the Share Option Scheme, the board (the "**Board**") of directors of the Company shall be entitled to offer to grant share options to any eligible participant. Details of the Share Option Scheme were set out in the announcements of the Company dated 7 July 2018, 17 August 2018, 14 December 2018 and 9 June 2022 and the circular of the Company dated 30 July 2018, respectively.

The following table sets out the movements in the share options during the Period Under Review:

Share option holders	Date of grant	No. of share options Outstanding as at 2022/01/01	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	Adjustment during the period (1)	Outstanding as at 2022/06/30	Vesting period	Adjusted exercise price (1) HK$	Exercise period
Director											
Ms. Du Wei	2018/12/14	1,339,280	–	–	–	–	20,403	1,359,683	2021/12/14 – 2023/12/13 (3)	2.52	2022/12/13 – 2028/12/13
Other employees	2018/12/14	17,767,880	–	–	–	(178,560)	267,961	17,857,281	2021/12/14 – 2023/12/13 (3)	2.52	2022/12/13 – 2028/12/13
Total		19,107,160	–	–	-	(178,560)(2)	288,364	19,216,964			

Notes:

(1) The exercise price of the outstanding share options and the number of Shares falling to be issued upon the exercise of the outstanding share options are adjusted as a result of the completion of the First Placing on 9 June 2022 in accordance with the terms of the Share Option Scheme.

(2) A total of 178,560 share options lapsed according to the terms of the Share Option Scheme during the Period Under Review.

(3) Assuming all the conditions for exercise of the share options granted on 14 December 2018 are fulfilled in accordance with the Share Option Scheme, the relevant share options shall be vested in five tranches within a period of 5 years, with each tranche covering one-fifth (20%) of the relevant share options. The first 20%, the second 20% and the third 20% of the share options granted on 14 December 2018 can be exercised on 13 December 2019, 13 December 2020 and 13 December 2021 respectively. Due to failure of fulfillment of certain exercise conditions, the first tranche, second tranche and third tranche share options were cancelled by the Company according to the terms of the Share Option Scheme on 13 December 2019, 13 December 2020 and 13 December 2021 respectively. In respect of the outstanding share options, each 20% of the total share options will become exercisable from 13 December in the years 2022 and 2023 respectively subject to satisfaction of exercise conditions set out in the Share Option Scheme.

Additional Information Required by the Listing Rules

SHARE AWARD SCHEME

The share award scheme (the "**Share Award Scheme**") was adopted by the Board on 7 July 2018 to promote the implementation of enterprise culture of co-creation and co-sharing and procure the core employees of the Company to focus on long-term operation performance, as well as to attract, retain and encourage core talents. Under the Share Award Scheme, the Board shall be entitled to offer to grant award shares to any eligible participant. Details of the Share Award Scheme were set out in the announcements of the Company dated 7 July 2018 and 14 December 2018 respectively.

Since the date of adoption and up to 30 June 2022, a total number of 17,521,400 award shares have been purchased by the trustee under the Share Award Scheme (the "**Purchased Award Shares**"), and all the award shares were awarded to the selected participants. Among the 17,521,400 award shares, 221,200 award shares lapsed during the year 2018 while the remaining 17,300,200 award shares lapsed during the year 2019 according to the terms of the Share Award Scheme. During the Period Under Review, the Company did not instruct the trustee to purchase any Share for future award purpose or grant any award shares to any eligible participants pursuant to the terms and conditions of the Share Award Scheme. The Company intends to hold the 17,521,400 Purchased Award Shares on trust and utilise for future award purpose pursuant to the terms and conditions of the Share Award Scheme.

EMPLOYEES

As at 30 June 2022, the Group had 7,185 employees (31 December 2021: 8,420 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB944,891,000 for the Period Under Review (for the six months ended 30 June 2021: approximately RMB1,046,870,000). Employees' remunerations are determined according to the Group's operating results, job requirements, market salary level and ability of individuals. The Group regularly reviews its remuneration policy and additional benefit programs and makes necessary adjustments to bring them in line with the industry level. In addition to basic salaries, the Group has established revenue sharing programs and performance appraisal plans to provide rewards according to the Group's results and employees' individual performance. The Group has also adopted a share option scheme and a share award scheme to promote the implementation of enterprise culture of co-creation and co-sharing and procure the core employees of the Company to focus on long-term operation performance, as well as to attract, retain and encourage core talents, details of which are set out in the sections headed "Share Option Scheme" and "Share Award Scheme" in this report.

Additional Information Required by the Listing Rules

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), were as follows:

(i) Long positions in the Shares or underlying Shares

Name of Director	Nature of interests	Number of issued Shares held/underlying Shares held under equity derivatives	Approximate percentage of the total issued share capital of the Company(3)
Mr. Ji Changqun ("**Mr. Ji**")	Beneficial owner and interest in controlled corporation(1)	8,534,292,954(1)	37.66%
Ms. Du Wei	Beneficial owner	1,359,683(2)	0.01%

Notes:

(1) As at 30 June 2022, 909,510,000 Shares are held by Mr. Ji directly as the beneficial owner. In addition, by virtue of the SFO, Mr. Ji is deemed to be interested in 7,624,782,954 Shares held by Magnolia Wealth International Limited ("**Magnolia Wealth**"), a company incorporated in the British Virgin Islands (the "**BVI**") which is wholly-owned by Mr. Ji. Accordingly, Mr. Ji is interested in 8,534,292,954 Shares in total.

(2) These interests represented 1,359,683 share options, which has been adjusted as a result of the completion of the First Placing on 9 June 2022 in accordance with the terms of the Share Option Scheme, granted to Ms. Du Wei which were subject to certain vesting conditions pursuant to the Share Option Scheme, details of which are set out in the section headed "**Share Option Scheme**" of this report.

(3) The percentage has been calculated based on 22,661,196,731 Shares in issue as at 30 June 2022.

Additional Information Required by the Listing Rules

(ii) Long positions in the shares of the Company's associated corporations

CHS

The table below sets out the interest of the Director(s) or chief executive(s) of the Company in the ordinary share(s) of CHS (Stock Code: 658), which was owned as to approximately 73.91% by the Company and was an indirect non-wholly owned subsidiary of the Company as at 30 June 2022:

Name of Director	Nature of interests	Number of issued ordinary shares held	Approximate percentage of the total issued share capital of CHS
Mr. Ji	Interest in controlled corporation[1]	1,208,577,693[1]	73.91%[2]

Notes:

(1) 1,208,577,693 ordinary shares of CHS are directly held by Five Seasons XVI Limited ("**Five Seasons XVI**"), which is incorporated under the laws of BVI and a wholly-owned subsidiary of the Company, which in turn was owned as to approximately 33.65% by Magnolia Wealth. Magnolia Wealth was the controlling shareholder (as defined under the SFO) of the Company as at 30 June 2022, which is wholly-owned by Mr. Ji. By virtue of the SFO, Mr. Ji was deemed to be interested in 1,208,577,693 shares held by Five Seasons XVI as at 30 June 2022.

(2) This percentage has been calculated based on 1,635,291,556 shares of CHS in issue as at 30 June 2022.

Additional Information Required by the Listing Rules

Hin Sang Group (International) Holding Co. Ltd. ("Hin Sang Group")

The table below sets out the interest of the Directors or chief executives of the Company in the ordinary share(s) of Hin Sang Group (Stock Code: 6893), which was owned as to approximately 22.90% by the Company and was an associated corporation of the Company as at 30 June 2022:

Name of Director	Nature of interests	Number of issued ordinary shares held	Approximate percentage of the total issued share capital of Hin Sang Group
Mr. Ji	Interest in controlled corporation(1)	250,000,000(1)	22.90%(2)

Notes:

(1) 250,000,000 ordinary shares of Hin Sang Group are directly held by Viewforth Limited ("**Viewforth**"), which is incorporated under the laws of BVI and a wholly-owned subsidiary of the Company, which in turn was owned as to approximately 33.65% by Magnolia Wealth. Magnolia Wealth was the controlling shareholder (as defined under the SFO) of the Company as at 30 June 2022, which is wholly-owned by Mr. Ji. By virtue of the SFO, Mr. Ji was deemed to be interested in 250,000,000 shares held by Viewforth as at 30 June 2022.

(2) This percentage has been calculated based on 1,091,796,000 shares of Hin Sang Group in issue as at 30 June 2022.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2022.

Additional Information Required by the Listing Rules

SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executives of the Company, as at 30 June 2022, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Nature of interests	Number of issued Shares held[5]		Approximate percentage of the total issued share capital of the Company[6]
Magnolia Wealth	Beneficial owner [1]	7,624,782,954	(L)	33.65%
Superb Colour Limited ("**Superb Colour**")	Beneficial owner [2]	967,178,496 982,442,195	(L) (S)	4.27% 4.34%
	Interest of controlled corporation [2]	715,263,699	(L)	3.15%
Huarong Huaqiao Asset Management Co., Ltd. (華融華僑資產管理股份有限公司) ("**Huarong Huaqiao**")	Interest of controlled corporation [2]	1,682,442,195 982,442,195	(L) (S)	7.42% 4.34%
China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) ("**China Huarong Asset**")	Interest of controlled corporation [2]	1,682,442,195 982,442,195	(L) (S)	7.42% 4.34%
China Citic Bank Corporation Limited (中信銀行股份有限公司)	Person having a security interest in shares [3]	4,902,000,000	(L)	21.63%
China Great Wall Asset Management Co., Ltd. (中國長城資產管理股份有限公司)	Person having a security interest in shares [4]	1,520,000,000	(L)	6.71%

Additional Information Required by the Listing Rules

Notes:

1. The entire issued share capital of Magnolia Wealth is beneficially owned by Mr. Ji.

2. References were made to the disclosures of interests made by Huarong Huaqiao and China Huarong Asset on the Stock Exchange's website on 5 March 2020 respectively. Superb Colour has long position in 1,682,442,195 Shares (directly interested in 967,178,496 Shares and indirectly interested in 715,263,699 Shares through a 100% controlled corporation, namely Shanghai Asset Management LP) and short position in 982,442,195 Shares.

   Superb Colour is a company incorporated under the laws of BVI which is a wholly-owned subsidiary of Pure Virtue Enterprises Limited ("**Pure Virtue**"). Pure Virtue is a company incorporated under the laws of BVI which is wholly-owned by China Huarong Overseas Investment Holdings Co., Limited ("**China Huarong Overseas**"). China Huarong Overseas is a company incorporated under the laws of Hong Kong and is a wholly-owned subsidiary of Huarong Huaqiao. Therefore, Huarong Huaqiao is deemed to be interested in the said Shares held by Superb Colour under the SFO.

   Huarong Huaqiao an enterprise established under the PRC and is beneficially owned as to 91% by Huarong Zhiyuan Investment & Management Co., Ltd. ("**Huarong Zhiyuan**"). Huarong Zhiyuan is wholly-owned by China Huarong Asset. As such, China Huarong Asset is deemed to be interested in the said Shares held by Superb Colour under the SFO.

3. China Citic Bank Corporation Limited (中信銀行股份有限公司) held 4,902,000,000 Shares as holder of security interest.

4. China Great Wall Asset Management Co., Ltd. (中國長城資產管理股份有限公司) held 1,520,000,000 Shares as holder of security interest.

5. The letter "L" denotes long position in the Shares; and the letter "S" denotes short position in the Shares.

6. The percentage has been calculated based on 22,661,196,731 Shares in issue as at 30 June 2022.

Save as disclosed above, the Company has not been notified of any other person (other than Directors or chief executives of the Company) who had any interests or short positions in the Shares or underlying Shares would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2022.

Additional Information Required by the Listing Rules

COMPETING BUSINESS

As disclosed in the circular of the Company dated 28 October 2013 relating to, amongst other things, the very substantial acquisition in relation to the acquisition of Nanjing Fullshare Asset Management Limited* (南京豐盛資產管理有限公司) (an enterprise established under the laws of the PRC with limited liability and currently a wholly owned subsidiary of the Company) and the reverse takeover involving a new listing application (the "**RTO Circular**"), pursuant to the non-competition undertaking dated 25 October 2013 entered into between the Controlling Shareholders (as defined in the RTO Circular) and the Company (the "**Non-Competition Undertaking**"), save for continuing their engagements in the Excluded Projects (as defined in the RTO Circular) and certain exceptions relating to their holding of and/or being interested in shares and other securities in any member of the Group and any other company listed on a recognised stock exchange engaging in the restricted business (please refer to the RTO Circular for details) set out in the Non-Competition Undertaking, the Controlling Shareholders will not be allowed to engage in any residential property (including villas) and mixed-use property (as defined in the section headed "Glossary of Technical Terms" of the RTO Circular) development business in the PRC (the "**Restricted Business**"), and they will only be involved in the commercial property development business. For further details in respect of the Non-Competition Undertaking, please refer to RTO Circular. As at 30 June 2022, the Controlling Shareholders and any of their respective associates (other than the members of the Group) did not, directly or indirectly, whether on their own or jointly with another person or company, own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes or may compete with the Restricted Business. Save for the Non-Competition Undertaking, as at 30 June 2022, the Controlling Shareholders did not give any other non-competition undertaking to the Company.

The Company has received the written declarations from Mr. Ji and Magnolia Wealth on their compliance with the undertaking under the Non-Competition Undertaking for the Period Under Review. Based on the declarations received from Mr. Ji and Magnolia Wealth and after review, the independent non-executive Directors considered that Mr. Ji and Magnolia Wealth had complied with the terms set out in the Non-Competition Undertaking for the Period Under Review.

Save as disclosed above, as at 30 June 2022, none of the Directors had an interest in the business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Additional Information Required by the Listing Rules

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 24 November 2020, the Company through its wholly owned subsidiary completed the acquisition of 80% equity interest in Tianjin Heheng Investment Development Co., Ltd.* (天津合恒投資發展有限公司) ("**Tianjin Heheng**") (the "**Acquisition**"). Upon completion of the Acquisition, Tianjin Heheng became a subsidiary of the Company.

A loan was provided by an asset management company (the "**Lender**") to Tianjin Heheng in an aggregate principal amount of RMB573,300,000 for the purpose of project development and construction and general working capital (the "**Loan**"). Upon completion of the Acquisition, the Loan became a loan extended to the Group. The Loan is secured by a pledge of 1,520,000,000 ordinary shares with a par value of HK$0.01 each in the issued share capital of the Company (the "**Pledged Shares**") created by Magnolia Wealth which is the controlling shareholder (as defined under the Listing Rules) of the Company, in favour of the Lender. As at the date of this report, (i) Magnolia Wealth held 7,624,782,954 shares of the Company, representing approximately 31.04% of the issued share capital of the Company; and (ii) the Pledged Shares represent approximately 6.19% of the issued share capital of the Company.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES AND APPOINTMENT OF DIRECTOR

Each of Mr. Ji, Mr. Lau Chi Keung and Mr. Tsang Sai Chung, Directors, entered into the renewal director's service agreement with the Company on 17 May 2022, pursuant to which, the service agreement may be terminated by either party at any time by giving the other party a prior notice of three months in writing and each of Mr. Ji, Mr. Lau Chi Keung and Mr. Tsang Sai Chung is subject to retirement by rotation and re-election in accordance with the articles of association of the Company.

Mr. Huang Shun, independent non-executive Director, ceased to be an independent non-executive director of Huitongda Network Co., Ltd. (stock code: 9878), a company listed on the Main Board of the Stock Exchange, with effect from 17 June 2022.

Ms. Du Wei, executive Director, ceased to be a member of the risk management committee of the Company (the "**Risk Management Committee**") with effect from 24 June 2022.

Mr. Ge Jinzhu was appointed as an executive Director and a member of the Risk Management Committee with effect from 24 June 2022.

Save as disclosed above, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

Additional Information Required by the Listing Rules

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the Period Under Review save for the following deviation:

Under the Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period Under Review, the positions of chairman and chief executive officer (the "**CEO**") of the Company were held by Mr. Ji. The Board believes that the holding of both positions of chairman and CEO by the same individual allows more effective planning and execution of business strategies. In addition, the Board is of the view that the balanced composition of the executive and independent non-executive Directors on the Board and the various committees of the Board in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority. The Board will review regularly to consider that this structure will not impair the balance of power and authority between the Board and the management of the Group.

AUDIT COMMITTEE REVIEW

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal financial control system of the Group, and to review the Group's interim and annual reports and financial statements. The unaudited interim condensed consolidated financial statements for the Period Under Review have been reviewed by the Audit Committee and the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the HKICPA.

Additional Information Required by the Listing Rules

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Period Under Review.

By Order of the Board
Fullshare Holdings Limited
JI CHANGQUN
Chairman

Hong Kong, 31 August 2022

As at the date of this report, the executive Directors are Mr. Ji Changqun (Chairman), Ms. Du Wei, Mr. Shen Chen and Mr. Ge Jinzhu; and the independent non-executive Directors are Mr. Lau Chi Keung, Mr. Tsang Sai Chung and Mr. Huang Shun.

* *For identification purpose only*