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

ANNUAL REPORT 2022

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Ji Changqun *(Chairman and CEO)*
Ms. Du Wei
Mr. Shen Chen
Mr. Ge Jinzhu *(appointed on 24 June 2022)*

Independent Non-executive Directors
Mr. Lau Chi Keung
Mr. Tsang Sai Chung
Mr. Huang Shun

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
2nd Floor, 625 King's Road
North Point, Hong Kong

COMPANY SECRETARY

Ms. Seto Ying

AUTHORISED REPRESENTATIVES

Mr. Shen Chen
Ms. Seto Ying

AUDIT COMMITTEE

Mr. Huang Shun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

REMUNERATION COMMITTEE

Mr. Lau Chi Keung *(Chairman)*
Ms. Du Wei
Mr. Tsang Sai Chung

NOMINATION COMMITTEE

Mr. Ji Changqun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

RISK MANAGEMENT COMMITTEE

Mr. Shen Chen *(Chairman)*
Mr. Ge Jinzhu *(appointed on 24 June 2022)*
Mr. Tsang Sai Chung
Ms. Du Wei *(ceased on 24 June 2022)*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Ms. Du Wei *(Chairman)*
Mr. Shen Chen
Mr. Tsang Sai Chung

PRINCIPAL BANKERS

China CITIC Bank Corporation Limited
Bank of Communications Co., Ltd.
Industrial and Commercial Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Jiangsu Co., Ltd
Nanjing Bank Co., Ltd
China Merchants Bank Co., Ltd.

LEGAL ADVISER

Baker & McKenzie

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 2805, Level 28
Admiralty Centre Tower 1
18 Harcourt Road
Admiralty, Hong Kong

PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Standard Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

WEBSITE

www.fullshare.com

STOCK CODE

00607

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Ji Changqun ("Mr. Ji"), aged 54, was appointed as an executive director, chief executive officer and the chairman of the board (the "**Board**") of directors (the "**Director(s)**") of Fullshare Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") on 12 December 2013. He is the chairman of nomination committee of the Company (the "**Nomination Committee**"). Mr. Ji is the sole director of Magnolia Wealth International Limited, a substantial shareholder of the Company. Mr. Ji is responsible for the Group's strategic control, operation management, organization development and investment and financing management. Mr. Ji has over 14 years of management experience in the real estate industry in the People's Republic of China ("**PRC**"). He was a director of certain subsidiaries of the Company. Mr. Ji studied the courses for postgraduates majoring in management science and engineering in Southeast University from September 2003 to September 2005. Mr. Ji obtained a master's degree majoring in business administration issued by Macau University of Science and Technology in June 2006. Mr. Ji is a PRC senior engineer and senior economist. Mr. Ji holds a lot of social positions, including the chairman of Anhui Chamber of Commerce of Jiangsu Province (江蘇省安徽商會), the honorary chairman of the board of Nanjing University of Chinese Medicine, the dean of Fullshare Health College (豐盛健康學院) of Nanjing University of Chinese Medicine, the honorary chairman of Singapore Chinese Medicine College, etc.

Ms. Du Wei ("Ms. Du"), aged 42, was appointed as an executive Director on 7 July 2018. She is the chairman of environmental, social and governance committee (the "**ESG Committee**") and a member of remuneration committee (the "**Remuneration Committee**") of the Company. Ms. Du is responsible for assisting the chief executive officer of the Company with the functional management and strategic planning relating to human resources of the Group and hosting general meetings and board meetings of the Company. Ms. Du obtained a Bachelor of Tourism Management degree and a Master of Business Administration degree from Nanjing Normal University, China, in 2002 and 2014, respectively. Ms. Du has more than 20 years' experience in human resources and administration management. From 2008 to 2012, Ms. Du worked in certain subsidiaries of Fullshare Group Limited as human resources and administration manager. From 2012 to August 2016, Ms. Du worked as the officer of chairman's office and human resources director of Fullshare Group Limited. Since 1 September 2016, she has been and is currently an officer of the human resources management committee of the Company. Since 1 April 2018, Ms. Du has been appointed as the general manager of Fullshare Holdings (Singapore) Service Management Pte Ltd, a wholly-owned subsidiary of the Company. Ms. Du is also a director of certain subsidiaries of the Company.

Mr. Shen Chen ("Mr. Shen"), aged 51, was appointed as an executive Director on 23 October 2019. He is the chairman of the risk management committee (the "**Risk Management Committee**") and a member of the ESG Committee of the Company. He joined the Group in November 2018 and was appointed as the financial controller of the Company in June 2019. Mr. Shen is responsible for the financial reporting and financial management of the Group and participates in investment decisions. He obtained a diploma in accounting from Nanjing Economic College (currently known as Nanjing University of Finance and Economics) in 1994 and obtained a bachelor degree in economic management from Correspondence Institute of the Party School of the Central Committee of the Communist Party of China* (中共中央黨校函授學院) in 2000. Mr. Shen has professional qualification of senior accountant. He was the financial controller of Nanjing JoyMain Science and Technology Development Co., Ltd.* (南京中脈科技發展有限公司) from August 1994 to July 2011. He was the vice president of Jiangsu Ruiheng Asset Management Co., Ltd.* (江蘇瑞恒資產管理有限公司) from July 2011 to April 2012. He was the financial controller of Nanjing Jiangong Industrial Group Co., Ltd.* (南京建工產業集團有限公司) ("**Nanjing Jiangong Industrial**") and Fullshare Technology Group Limited* (豐盛科技集團有限公司) from April 2012 to May 2013. He was the financial controller of Fullshare Green Building Group Company Limited* (豐盛綠建集團有限公司) and Nanjing Fullshare Energy Science & Technology Company Limited* (南京豐盛新能源科技股份有限公司) from May 2013 to November 2018. Mr. Shen is a director of a wholly-owned subsidiary of the Company.

Biographical Details of Directors and Senior Management

Mr. Ge Jinzhu ("Mr. Ge"), aged 38, was appointed as an executive Director on 24 June 2022. He is a member of Risk Management Committee. He joined the Group in September 2020 and is the assistant to chief executive officer of the Company. He has over 10 years of internal control experience. Mr. Ge is responsible for assisting the chief executive officer of the Company with the designated projects, and assisting in functional management, including internal control related duties. He was the internal auditor of China Sunergy (Nanjing) Co., Ltd. * (中電電氣(南京)光伏有限公司) from August 2009 to May 2010. He successively served as audit supervisor, audit manager and senior audit manager of Nanjing Jiangong Industrial from June 2010 to August 2020. Mr. Ge obtained a bachelor's degree in management, majoring in accounting, from Xi'an University of Technology, China in 2006. He is currently a postgraduate student of master degree in business administration, Southeast University. He is the certified internal auditor of The Institute of Internal Auditors since 2011. Mr. Ge acts as the supervisor of a subsidiary of the Company.

Independent Non-executive Directors

Mr. Lau Chi Keung ("Mr. Lau"), aged 74, was appointed as an independent non-executive Director on 12 December 2013. He is the chairman of Remuneration Committee and a member of Nomination Committee and audit committee (the "**Audit Committee**") of the Company. Mr. Lau has over 48 years of management experience in the real estate industry in the PRC and in Hong Kong. Mr. Lau obtained a higher diploma majoring in surveying/building technology issued by Hong Kong Technical College (currently known as Hong Kong Polytechnic University) in 1970. Mr. Lau was admitted fellow member of each of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors respectively in 1987. Mr. Lau was appointed as a director of Henderson Investment Limited in 1995 and was appointed as a director of Henderson China Development Limited in 2005. Mr. Lau was an independent non-executive director of Applied Development Holdings Limited ("**ADHL**") (stock code: 519), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), from September 2016 to December 2021. Mr. Lau served in many social positions, including a member of the Construction Industry Training Authority, a member of the Disciplinary Panel of Hong Kong Institute of Surveyors, a member of the Appeal Tribunal Panel of Planning and Lands Branch, Development Bureau of Government Secretariat, a member of the Administrative Appeals Board from 2003 to 2009 and an external examiner of the University of Hong Kong – B.Sc. (Hons) Degree in Surveying from 1998 to 2001 and the Hong Kong Polytechnic University – B.Sc. (Hons) programme in Building Surveying from 2005 to 2007 respectively. Mr. Lau was awarded with "Justice of the Peace" issued by the Hong Kong government in 2001 and "Medal of Honour" issued by the Hong Kong government in 2005.

Mr. Tsang Sai Chung ("Mr. Tsang"), aged 59, was appointed as an independent non-executive Director on 12 December 2013. He is a member of Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and ESG Committee. Mr. Tsang obtained a bachelor's degree of arts from the University of Hong Kong and then later on completed the Postgraduate Certificate in Laws programme there. Mr. Tsang undertook his trainee programme and worked as an associate of Baker & McKenzie. He then moved to in house with various companies and worked as an executive director, general counsel and company secretary of HKC (Holdings) Limited, a company formerly listed on the Main Board of the Stock Exchange. Mr. Tsang was the general counsel and company secretary of Sa Sa International Holdings Limited (stock code: 178) and Pacific Century Premium Developments Limited (stock code: 432) respectively. Sa Sa International Holdings Limited and Pacific Century Premium Developments Limited are companies listed on the Main Board of the Stock Exchange. He was a part time consultant to Baker & McKenzie's Real Estate Group in Hong Kong.

Mr. Huang Shun (formerly known as Mr. Huang Mingshun) **("Mr. Huang")**, aged 49, was appointed as an independent non-executive Director on 30 December 2021. He is the chairman of Audit Committee. He has over 20 years of accounting experience. Mr. Huang was the project manager in Nanjing Yongda Certified Public Accountants Co., Ltd.* (南京永達會計師事務所有限公司) from July 1998 to October 2003. He serves as the chairman and chief accountant of Jiangsu Verti-Hor Certified Public Accountants Co., Ltd. (江蘇縱橫會計師事務所有限公司) since November 2003. From August 2016 to June 2022, he was the independent non-executive director of Huitongda Network Co., Ltd. (stock code: 9878), a company listed on the Main Board of the Stock Exchange since March 2022. Mr. Huang obtained a bachelor's degree in economic management in 1998 and a bachelor's degree in law in 2003 from Nanjing University, the PRC, respectively. He is a member of the Chinese Institute of Certified Public Accountants since 1999.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Shi Zhiqiang ("Mr. Shi"), aged 47, is the vice president of the Company. Mr. Shi is responsible for assisting the chief executive officer of the Company with the special investment of the Group and other designated projects. Mr. Shi obtained a diploma majoring in financial accounting issued by the Township Enterprise Management Institution organised by the Department of Agriculture of the PRC, and completed the executive administration programme organised by Southeast University in 2015. Mr. Shi is a PRC accountant and an international certified internal auditor. Mr. Shi worked as the financial controller of Jiangsu Zhongda Communication Industry Co., Limited* (江蘇中大通信實業有限公司) from December 2004 to July 2005. Mr. Shi worked as the deputy manager of financial management department, audit manager, audit director and chief financial officer of Nanjing Jiangong Industrial from July 2005 to March 2011. Mr. Shi worked as a director of Nanjing Jiangong Industrial from June 2011 to April 2013 and the assistant to the chairman of Nanjing Jiangong Industrial from March 2011 to January 2013. Mr. Shi is also a director of a subsidiary of the Company. Mr. Shi was an executive Director of the Company from November 2013 to July 2018.

Mr. Wang Bo ("Mr. Wang"), aged 42, is the vice president of the Company. Mr. Wang is responsible for investment, operation and management of education segment of the Group, and other designated projects. Mr. Wang obtained a bachelor of laws degree from Nanjing Economic College (currently known as Nanjing University of Finance and Economics) in 2001, a master of laws degree from Nanjing University in 2004 and a Juris Doctor degree from Duke University, the United States of America ("**USA**") in 2007. He also obtained Legal Profession Qualification of PRC in 2002. Mr. Wang worked as an associate and a senior associate of King & Wood Mallesons from 2007 to 2010 and a manager of Legal Department of DBS Bank (China) Limited Shanghai Branch from 2010 to 2011. From March 2011 to September 2014, Mr. Wang worked as the general manager of Fullshare Group Limited and the director and the managing director of Fullshare International Group Limited. Mr. Wang was a director of Fullshare Group Limited from March 2011 to February 2022. Mr. Wang is also a director of certain subsidiaries of the Company. Mr. Wang was an executive Director of the Company from September 2014 to October 2019. Mr. Wang was the chairman of the board and a non-executive director of ADHL (stock code: 519), a company listed on the Main Board of the Stock Exchange, during the period from September 2016 to December 2017.

Mr. Wang was the sole shareholder, the director and the legal representative of Nanjing Mei Xun Industrial and Trade Co., Ltd.* (南京美迅工貿實業有限公司) ("**Nanjing Mei Xun**"), a company which was established in Nanjing in June 2004 and remained dormant then. The business licence of Nanjing Mei Xun was revoked by Nanjing Administration for Industry and Commerce due to its failure to participate in the annual inspection carried out by Xuanwu Branch of Nanjing Administration for Industry and Commerce for the year of 2010 within the prescribed time. To the best knowledge and belief of Mr. Wang, the local staff of Nanjing Mei Xun was responsible for handling daily operation including the annual inspection of Nanjing Mei Xun. Mr. Wang was not aware of any such information that the annual inspection had not been done by the local staff. To the best knowledge of Mr. Wang, Nanjing Mei Xun had not received any fine or penalty as a result of such revocation of business licence.

Biographical Details of Directors and Senior Management

Mr. Lu Jian ("Mr. Lu"), aged 54, joined the Company since July 2017 and is the vice president of the Company. He is responsible for assisting the chief executive officer of the Company with the property management, commercial operation and management of the overseas properties, the development of the domestic real estate projects and other designated projects of the Group. Mr. Lu has over 29 years of extensive experience in property industry. Mr. Lu worked as an engineer in Magang (Group) Holding Co., Ltd.* (馬鋼(集團)控股有限公司) from 1992 to 1994. Mr. Lu worked as the senior manager of Shanghai Lee Tat Property Agency Company Limited* (利達行(上海)房地產代理有限公司) from 1994 to 1996. Mr. Lu was the general manager of Shanghai Lanbao Property Company Limited* (上海蘭豹置業有限公司) from 1996 to 1998. Mr. Lu was a director of DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd. from 1998 to 2009. He was a vice president of Yurun Holding Group Co., Ltd. * (雨潤控股集團有限公司) from 2009 to 2015. Subsequently, he was the president of SHKP Group Co,. Ltd. * (新地集團有限公司) from 2015 to 2017. He studied in Shanghai Jiaotong University from 1988 to 1992 and obtained a bachelor's degree in precision instrument. He also studied in Shanghai University of Finance and Economics from 1996 to 1998 and obtained a master's degree in economics, majoring in investment economics. Mr. Lu is also a director of certain subsidiaries of the Company.

Mr. Zhou Fei ("Mr. Zhou"), aged 41, joined the Company since August 2016 and is the assistant to chief executive officer and chief risk officer of the Company. Mr. Zhou is responsible for the listing compliance, risk management and legal compliance of the Company. He obtained a bachelor of laws degree from School of Law, Southeast University in 2003 and a master of laws degree from School of Law, University of Connecticut, the USA in 2006. He obtained Legal Profession Qualification of PRC in 2004 and is also a qualified lawyer in the State of New York of the USA. Mr. Zhou has over 10 years of experience practicing as a lawyer and has extensive experience in corporate law, China-related public and private mergers and acquisitions and capital market transactions. He worked as an associate of the capital markets group in the Shanghai office of Baker & McKenzie from 2007 to 2016.

Ms. Seto Ying ("Ms. Seto"), aged 46, was appointed as the company secretary of the Company on 12 December 2013. Ms. Seto is responsible for the information disclosure management, investor relations and company secretarial matters of the Group. Ms. Seto obtained a bachelor's degree majoring in business administration in accountancy issued by the Chinese University of Hong Kong in 1998. Ms. Seto is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Seto has more than 20 years of experience in the field of finance and company secretarial matters including working in an international accounting firm. Ms. Seto is a director of certain subsidiaries of the Company.

* *For identification purpose only*

Chairman's Statement

The sustainable development of Fullshare Holdings Limited ("**Fullshare**") is driven by the globalisation of the green manufacturing and health and wellness industries, and by the need to address environmental, industrial and human health issues through technology, products and services. This is the value that Fullshare has always adhered to maintained. Fullshare is committed to building a platform to create a green and healthy product and service ecosystem with our industry partners and consumers, and to grow together with our upstream and downstream partners and users.

Dear Shareholders, investors and partners,

In 2022, as a result of the recurrence of the epidemic, the Company's various business segments were faced with rising raw material prices, labour constraints and poor supply chains, and tourism, hotel and commercial consumption suffered a huge impact. In the face of many operational pressures, Fullshare overcame many difficulties by optimising internal management, enhancing project operational capabilities and strengthening the operational efficiency of its assets to ensure the stability of its overall business and team. As of 31 December 2022, the Company's total revenues during the year amounted to RMB21,718 million, representing an increase of 4.5% from the previous year; total assets amounted to RMB55,230 million, representing an increase of 21.1% from the previous year.

China High Speed Transmission Equipment Group Co., Ltd. ("**CHS**") (00658.HK), a subsidiary of the Company, overcame the adverse impact of the unstable global supply chain and the significant price increase of raw materials, and maintained stable production and stable sales growth through a parallel strategy in both domestic and international markets. Sales revenue for the year amounted to RMB21,080 million, representing an increase of 4.3% over last year.

In 2022, the wind turbine gearbox of CHS will be the core component of a smart wind turbine for the Zhangbei Renewable Energy Demonstration Project（張北可再生能源示範項目）, a supporting energy project for the Beijing Winter Olympics, driving a venue and lighting up Beijing's homes. In response to the growing trend of wind power installation in China, CHS has invested in the expansion of wind power gearbox production. The first phase of its Huai'an manufacturing base will be completed in 2022 and will be put into production soon. The additional production capacity will effectively relieve the pressure of the current fully loaded production and will better meet the requirements of both in-cabinet and overseas customers for high power wind turbine gearboxes of 10MW and above. Based on the company's excellent business performance, strong technical advantages and global industry status in subdivided fields, the company was rated as one of the "Top 100 Enterprises in China's Machinery Industry in 2022", while its subsidiary, Nanjing High Speed Gear Manufacturing Co., Ltd.*（南京高速齒輪製造有限公司）, was selected as the only one enterprise of the list of "2022 National Technology Innovation Demonstration Enterprises Announced by the Ministry of Industry and Information Technology of China".

In 2022, Fullshare will accelerate the implementation of the TCM healthcare industry. In the area of incubation of TCM healthcare projects, the Company operates the first TCM healthcare plaza in Nanjing – Fullshare Health City of Nanjing University of TCM healthcare, which is an industrial base that integrates "health culture, health training, health services and health industry", providing TCM diagnosis and health care services to approximately 200,000 users during the year. In the field of TMC health and wellness, we build an urban experience base for a new lifestyle of TMC health preservation by relying on projects such as the Grand Wuji Hotel – the Unbound Collection By Hyatt and the Yuhua Salon（雨花客廳）comprehensive business shopping mall. In 2022, key indicators such as shop occupancy and customer traffic at the Yuhua Salon Healthy Living Experience Base continue to perform well.

Chairman's Statement

We believe that sustainable industries and healthy living-related industries will become the engine of economic growth. In 2023, Fullshare will continue to optimize its industrial structure to maintain the steady development of our new energy business, while focusing on the in-depth integration of TMC healthcare services and products with our existing tourism industry resources and businesses such as hotels, commercial leisure, and green real estate, so as to realize inter-industry collaborative development. The Company plans to gradually increase the investment and integration of the health care industry, and build a health care industry base, a health care industry park and a health care industry platform.

We will pay close attention to the development opportunities and industry trends in new energy, TMC healthcare, cultural tourism and other fields, and continue to adhere to the core development direction of "green + health", implement the dual-wheel drive of green energy + TMC healthcare, and focus on the two major businesses "environmental health" and "physical and mental health", implement "production, ecology, life" industrial investment, cooperation, empowerment, incubation, through urban cooperation, industrial cooperation, project cooperation, technical cooperation. Through city cooperation, industry cooperation, project cooperation and technology cooperation, we will focus on building an ecological platform with development potential and strong influence, promoting healthy lifestyle changes, promoting enterprise cooperation and innovation, helping industry transformation and upgrading, and creating new value for society and users.

Ji Changqun
Chairman of the Board

Hong Kong, 31 March 2023

* For identification purpose only

BUSINESS REVIEW

The revenue of the Fullshare Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022 (the "**Year 2022**"), was derived from property, tourism, investment and financial services, healthcare and education and new energy businesses.

(1) Property business

(a) Property sales

During the Year 2022, the Group had contracted sales of approximately Renminbi ("**RMB**") 5,895,000, representing a decrease of approximately 89% as compared with the year ended 31 December 2021 (the "**Year 2021**"). The Group made contracted sales for an aggregate gross floor area ("**GFA**") of approximately 535 sq.m., representing a decrease of approximately 87% as compared with the Year 2021. The contract sales for Year 2022 were mainly contributed by Xiangti Villa Project (香醍名邸項目). As at 31 December 2022, the Group's contracted sales for the contracts signed but properties not yet delivered were approximately RMB4,313,000 with a total GFA of 383 sq.m., while as at 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 Year 2022, the average contracted selling price was approximately RMB11,010 per sq.m., representing a decrease of approximately 13% as compared with the Year 2021.

As at 31 December 2022, a breakdown of the major properties held by the Group in the People's Republic of China (the "**PRC**") and their construction statuses were 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%
Xiangti Villa (香醍名邸) Phase 2	At the intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Not yet commence construction	Third quarter of 2025	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 2024	35,521	–	69,448	383	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	512,035	69,448	218,961	

(b) Investment properties

As at 31 December 2022, the investment properties of the Group mainly included Wonder City* (虹悅城), 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 (虹悅城)	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%
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 Year 2022, the Group engaged in provision of technical design and consulting services, green management services and entrusted construction services in the PRC. During the Year 2022, the revenue from both green building services and entrusted construction services was approximately RMB2,017,000 (2021: RMB5,349,000).

(2) Tourism business

During the Year 2022, 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, 6 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 Year 2022, the surge in travel for the year also led to a number of sales records for Sheraton Hotel. The annual EBITDA was AUD 12 million, annual average occupancy was 79% and annual average room rate was AUD 433, all three of which placed the hotel in first place over its competitors.

During the Year 2022, 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 81,380 sq.m. During the Year 2022, Building 9 and Building 6 of the hotel have been put into full operation.

(3) Investment and financial services business

The Group's investment and financial services business consists of holding and investing in various listed and unlisted equities and financial assets and provision of investment and financial related services.

During the Year 2022, this segment recorded a profit of approximately RMB1,013,898,000 (2021: loss of RMB99,836,000). The significant change was mainly derived from the reversal of impairment losses recognised for certain financial assets upon collection of default loans during the Year 2022. The net reversal of impairment losses recognised for loans receivables for the Year 2022 was approximately RMB1,100,802,000 (2021: impairment losses of RMB74,200,000).

(a) *Listed equity investments held for trading*

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

As at 31 December 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 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 *(Note 3)*	190,120,000	6.29%	88,646	–	(18,104)	–	–
2098.HK *(Note 1)*	Zall Smart Commerce Group Ltd ("**Zall Group**")	80,000,000	0.65%	31,137	28,269	(3,636)	–	–
1708.HK *(Note 1)*	Nanjing Sample Technology Company Limited	10,000,000	1.26%	50,641	41,608	(12,411)	–	–
					69,877	(34,151)	–	–

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.
3. China Saite Group Company Limited was delisted by the Stock Exchange with effect from 16 November 2022. Based on the latest financial information of China Saite Group Company Limited available to public, it is assessed that these shares have no residual value.

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. All of the above 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 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.

(b) *Other investments*

Apart from the above listed equity investments, the Group also held unlisted equity investments. Certain material unlisted equity investments of the Group classified as financial assets at fair value through other comprehensive income as at 31 December 2022 and 31 December 2021 are set out as below:

As at 31 December 2022

Name of investee	Cost of investment *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*
Zhejiang Zheshang Chanrong Investment Partnership (Limited Partnership)* ("**Zheshang Fund**") (浙江浙商產融投資合夥企業(有限合夥)) *(Note 1)*	2,000,000	1,541,019	(401,411)	–	–
Jiangsu Minying Investment Holding Limited* ("**Jiangsu Investment**") (江蘇民營投資控股有限公司) *(Note 1)*	400,000	329,065	(14,755)	–	16,000
		1,870,084	(416,166)	–	16,000

Note:

1. Zheshang Fund and Jiangsu Investment are primarily engaged in, among other things, equity and debt investment, investment management and investment consultation.

As at 31 December 2021

Name of investee	Cost of investment *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*
Zheshang Fund	2,000,000	1,942,431	(97,288)	–	23,604
Jiangsu Investment	800,000	743,819	(63,589)	–	–
		2,686,250	(160,877)	–	23,604

The future performance of the investments held by the Group will be affected by the overall economic environment, market condition and the business performance of the investee company. In this regard, 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.

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

(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.

(4) Healthcare and education business and others

During the Year 2022, the Group disposed of certain equity interests in Sparrow Early Learning Pty Ltd ("**Sparrow**"), 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 RMB9,332,000 (2021: RMB4,848,000).

(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-8MW wind gear transmission equipment products have been provided to domestic and overseas customers in bulk. During the year, the Group maintains a strong customer portfolio. Customers of our wind gear transmission equipment products 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.

(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 a electromechanical control integrated driving system with high efficiency, high reliability and low energy consumption. With "complete range, clear layers and precise subdivision" as our product positioning and market positioning, the Group was able to facilitate changes in sales strategies and production models, improve comprehensive competitiveness and further consolidate market advantages. At the same time, the Group vigorously developed new markets and expanded to new industries, in particular research and development and market expansion for products such as standard gear box and planetary gear box were driven forward comprehensively. Meanwhile, the Group also strengthened its efforts to provide and sell the parts and components of relevant products as well as comprehensive system solutions to its customers, helping customers 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 market of industrial gear transmission equipment products.

(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 trains and trams. The Company has established long-term cooperative relationships with many well-known domestic and foreign companies in the industry. The Group has obtained ISO/TS22163 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 many Chinese cities, such as Beijing, Shanghai, Shenzhen, Nanjing, Hong Kong and Taipei, and have also been successfully applied to rail transportation transmission equipment in various countries and regions such as Singapore, Brazil, Netherlands, India, Mexico, Tunisia, Australia, Canada, France, Spain, Romania and Tanzania. With optimized gearbox design technology, excellent sealing technology and effective control of the production process, the Company's rail transportation gear transmission equipment products are more environmental-friendly, and the products are well received by users.

(d) Trading business

The trading business of the Group mainly comprises trading business of bulk commodities and trading business in steel industrial chain. The bulk commodity trading business mainly involves the procurement and wholesale of refined oil and electrolytic copper. The trading business in steel industrial chain mainly involves, among others, the procurement and wholesale of raw coal and coke, being upstream raw materials of steel, and the procurement and wholesale of steel. The Group's trading business in steel industrial chain make use of the core resources in the trade system of steel industrial chain as a cut-in point to develop the trading business system of the steel industrial chain. At present, the Group has completed the initial integration of resources of the steel industrial from upstream raw materials to special steel, which promotes the development of the trading business.

Management Discussion and Analysis

PROSPECT

In 2023, the Group will pursue steady growth on existing business segments, combine with the layout of the big healthcare industry, pay close attention to the market, especially the domestic high-quality big healthcare projects, and invest with a cautious attitude. At the same time, resource operation and integration will be carried out on the resource side and platform side of self-operation, equity participation and cooperation in order to achieve a considerable comprehensive return. The Group firmly believes that a diversified business portfolio can bring sustainable and stable revenue, and that the synergies between the businesses will be fully utilized, thus laying a solid foundation for the Group's development.

The Group will continue to strive for a prudent financial management policy, improve the effectiveness of capital utilisation, strengthen internal corporate governance, control operational and financial risks and enhance its risk resistance capability.

FINANCIAL REVIEW

Revenue

The revenue of the Group from the continued operations increased by approximately RMB932,829,000, or 4%, from approximately RMB20,785,542,000 for the Year 2021 to approximately RMB21,718,371,000 for the Year 2022. The revenue from the continued operations and the changes for the Year 2022 and Year 2021 derived from different segments are listed as below:

Segment	Year 2022	Year 2021	Changes	
	RMB'000	*RMB'000*	***RMB'000***	**percentage**
Properties	**225,713**	312,719	**(87,006)**	**(28%)**
Tourism	**397,495**	245,425	**152,070**	**62%**
Investment and financial services	**6,177**	12,024	**(5,847)**	**(49%)**
Healthcare, education and others	**9,332**	4,848	**4,484**	**92%**
New Energy	**21,079,654**	20,210,526	**869,128**	**4%**
Total Revenue	**21,718,371**	20,785,542	**932,829**	**4%**

The increase of the revenue of the Group mainly derived from new energy segment which contributed the largest increment to the revenue of the Group amounts to approximately RMB869,128,000. It was mainly due to the increase in deliveries of wind gear transmission equipment.

The revenue from tourism segment increased by approximately RMB152,070,000. It is because during the Year 2022, the gradual normalisation of the life of Australian citizen after the outbreak of COVID-19 pandemic continuously contributed to the increase in the demand for staycation locally. As a result, the revenue increased in the Year 2022.

The revenue from properties segment decreased by approximately RMB87,006,000 mainly because fewer property units were sold in the Year 2022.

Cost of sales and services

The cost of sales and services of the Group from the continued operations increased by approximately RMB913,280,000, or 5%, from approximately RMB17,490,747,000 for the Year 2021 to approximately RMB18,404,027,000 for the Year 2022. The cost from the continuing operations and the changes for the Year 2022 and Year 2021 derived from different segments are listed as below:

Segment	Year 2022	Year 2021	Changes	
	RMB'000	*RMB'000*	*RMB'000*	percentage
Properties	262,257	203,903	58,354	29%
Tourism	302,636	242,854	59,782	25%
Investment and financial services	518	1,369	(851)	(62%)
Healthcare, education and others	6,675	3,324	3,351	101%
New energy	17,831,941	17,039,297	792,644	5%
Total cost	18,404,027	17,490,747	913,280	5%

Gross profit and gross profit margin

The gross profit of the Group from the continuing operations increased slightly by approximately RMB19,549,000, or 1%, from approximately RMB3,294,795,000 in the Year 2021 to approximately RMB3,314,344,000 for the Year 2022. The gross profit margin decreased from 16% in the Year 2021 to 15% for the Year 2022. The gross profit of the Group was mainly derived from new energy segment. The gross profit and gross profit margin for the Year 2022 derived from new energy segment was approximately RMB3,247,713,000 and 15% (Year 2021: 3,171,229,000 and 16%) respectively. The increase in gross profit of new energy segment was mainly due to increase in revenue. While the decrease in gross profit margin was mainly due to the decreased sales price and increased costs of wind and industrial transmission equipment.

Selling and distribution expenses

Selling and distribution expenses of the Group from the continuing operations increased by approximately RMB46,940,000, or 9%, from approximately RMB512,769,000 in the Year 2021 to approximately RMB559,709,000 for the Year 2022. The selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses, staff costs and business expenses. The increase in selling and distribution expenses in the Year 2022 was mainly in line with the increase in revenue from new energy segment.

Administrative expenses

Administrative expenses of the Group from the continuing operations increased by approximately RMB56,137,000, or 7%, from approximately RMB831,729,000 in the Year 2021 to approximately RMB887,866,000 for the Year 2022. The administrative expenses for the Year 2022 mainly included salaries and staff welfare, depreciation and amortization of tangible and intangible assets.

Research and development costs

Research and development costs of the Group increased by approximately RMB77,034,000, or 12%, from approximately RMB667,782,000 in the Year 2021 to approximately RMB744,816,000 for the Year 2022. The increase in research and development costs was mainly due to the increase in efforts put in research and development of new products in new energy segment.

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

A net reversal of impairment loss of RMB990,838,000 on the financial assets and financial guarantee contracts of the Group was noted in the Year 2022 as compared with the net impairment loss of RMB85,878,000 recognised in the Year 2021. A significant net impairment loss 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 Year 2022, 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.

Other income

Other income increased by approximately RMB1,970,000, or 0.5%, from approximately RMB428,415,000 in the Year 2021 to approximately RMB430,385,000 for the Year 2022. Other income for the Year 2022 mainly included bank, extension and other interest income of approximately RMB210,334,000, government grants of approximately RMB67,334,000 and sales of scraps and materials of approximately RMB63,713,000. Other income in the Year 2021 mainly included bank, extension and other interest income of approximately RMB203,017,000, government grants of approximately RMB70,311,000 and sales of scraps and materials of approximately RMB63,302,000.

Net fair value change in financial instruments

The Group recorded a loss on change in fair value of financial instruments of approximately RMB917,050,000 and RMB1,812,574,000 in the Year 2022 and Year 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 Year 2022, the strict measures against COVID-19 in the PRC affected the tourism business seriously. Accordingly, the valuation of the entity prior to the acquisition by the Group was further reduced.

Other gains/losses – net

During the Year 2022, other gains included net exchange gains of approximately RMB200,387,000. However, the other gains was offset by other losses which mainly included waiver of interest on loans receivables of approximately RMB73,711,000 and impairment losses recognised for prepayments of approximately RMB41,896,000.

During the Year 2021, other gains included gains on disposal of subsidiaries amounting to RMB217,989,000. The gain was mainly attributable to the release of exchange reserve which was derived from translation of overseas subsidiary. In addition, it included impairment losses recognised for certain property, plant and equipment of approximately RMB82,232,000 and net exchange losses of approximately RMB178,680,000.

Finance costs

Finance costs of the Group from the continuing operations increased significantly by approximately RMB419,804,000, or 93%, from approximately RMB452,375,000 in the Year 2021 to approximately RMB872,179,000 for the Year 2022, which was mainly due to the accrued interest of approximately RMB214,175,000 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 Year 2022 and more average borrowing amount of the Group for the Year 2022 than in the Year 2021.

Share of result of joint ventures and associates

The Group's share of loss from its joint ventures and associates decreased significantly by approximately RMB1,318,581,000, from approximately RMB1,393,979,000 in the Year 2021 to approximately RMB75,398,000 for the Year 2022. It is mainly due to the full impairment loss recognised in the Year 2021 for two associates, of which the controlling shareholder is China Evergrande Group. In view of material uncertainty about their financial positions, the management recognised full impairment for the Group's carrying value of these associates of approximately RMB1,363,268,000. No such impairment was recognised in the Year 2022.

Income tax expense

For the Year 2022, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB641,650,000 and RMB194,044,000 respectively, and in the Year 2021, the current tax expense and the deferred tax credit amounted to approximately RMB327,894,000 and RMB55,745,000, respectively.

The increase in current tax expense in Year 2022 was mainly because the income tax expenses of approximately RMB315,140,000 incurred arising from the Disposal during the Year 2022, although less profits was generated by new energy segment.

Discontinued operation

For the Year 2022, the Group disposed of a subsidiary which represented a separate major line of education business in Australia and was classified as a discontinued operation even though the Group still holds a shareholding of the entity which has significant influence. A profit of approximately RMB141,573,000 was recognised for the Year 2022 representing (i) a one-off gain amounted to approximately RMB139,319,000 recognised upon the deconsolidation and (ii) profits generated from the subsidiary amounted to approximately of RMB2,254,000.

Profit/Loss for the Year 2022

In the Year 2022, the Group recorded a profit after tax of approximately RMB408,696,000 while in the Year 2021, the Group recorded a loss after tax of approximately RMB2,335,758,000. The operating performance for the Year 2022 was less satisfying mainly due to the decrease in operating profits from new energy segment. 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 Year 2022. 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 loans 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. Moreover, a significant impairment was recognised for two associates in the Year 2021 and no such impairment was recognised in the Year 2022.

ADDITIONAL INFORMATION ON THE QUALIFIED OPINION

Baker Tilly Hong Kong Limited, the auditor of the Company, has issued a qualified opinion (the "**Qualified Opinion**") on the independent auditor's report on the Company's consolidated financial statements for the year ended 31 December 2022. For details of the basis of the Qualified Opinion, please refer to the Independent Auditor's Report" on pages 65 to 73 of this report.

Management Discussion and Analysis

Impact on the Company's Financial Position

The Group holds certain equity interests in two associates, namely Changzhou Jiangheng Real Estate Development Co. Ltd.* (常州江恒房地產開發有限公司) and Yangzhou Hengfu Real Estate Development Co. Ltd.* (揚州恒富房地產開發有限公司) (collectively the "**China Evergrande Group Companies**"). The China Evergrande Group Companies are fellow subsidiaries of China Evergrande Group (a company listed on the Stock Exchange (stock code: 3333)). Nanjing Fullshare Dazu Technology Company Limited* (南京豐盛大族科技股份有限公司) ("**Fullshare Dazu**"), a subsidiary of the Company, is a minority shareholder of the China Evergrande Group Companies.

The Group has made full impairment in connection with the equity interests in the China Evergrande Group Companies for the financial year ended 31 December 2021 (i.e. the Group recognised an impairment loss of RMB1,363,268,000 on the investments in associates (the "**Investments**")) with reference to a valuation analysis report on the fair value of shareholders' equity interest in the China Evergrande Group Companies issued by an independent valuer and a PRC legal opinion on the equity interest of Fullshare Dazu in the China Evergrande Group Companies. The amount of net assets in the Group's consolidated statement of financial position as at 31 December 2021 has been deducted by RMB1,363,268,000 accordingly. The management of the Group (the "**Management**") is of the view that it is an one-off impact and should not have further negative impact on the Group's financial statements going forward. The Management reviewed the Group's cash flow for the next 12 months and found no significant factors affecting the Group's continuing operations.

In cases where the Group disposes of the equity interests in the China Evergrande Group Companies or the situation of China Evergrande Group improves with sufficient evidence indicating that partial or full Investments could be recovered, corresponding gains will be recognised in the consolidated statement of profit or loss and other comprehensive income of the Group.

Management's View on the Qualified Opinion

The Management concurs with the view of the Company's auditors in connection with the Qualified Opinion.

So far as the Company is aware based on publicly available information and information obtained during the communication with the China Evergrande Group Companies and their majority shareholders from 2021 to the date of this report:

- As disclosed in the latest available financial statement of China Evergrande Group, i.e. the 2021 interim report of China Evergrande Group, after the reporting period for the six months ended 30 June 2021, there were some negative reports in relation to China Evergrande Group circulating in the market, which caused certain adverse effects on the liquidity of China Evergrande Group.

- Since the second half year of 2021, the adverse effects on the liquidity of China Evergrande Group led to delays in payments to suppliers and of construction costs and expenses in its property development business, which resulted in the suspension of work on certain projects of China Evergrande Group, including the projects conducted by the China Evergrande Group Companies. In addition, the person who was responsible for operation management of the China Evergrande Group Companies has since been re-designated and some of the other senior management have also resigned or been re-designated. The China Evergrande Group Companies have been intervened and monitored by competent institutions of local governments since the second half of 2021.

Management Discussion and Analysis

As disclosed in the 2021 annual report of the Company, the management of the China Evergrande Group Companies refused to grant to the Company full access to the books and records and the supporting documents and financial information relating to the carrying amount of the Investments as at 31 December 2021. Due to the lack of available information, the Company's auditors were unable to obtain sufficient audit evidence regarding the carrying amount of the Investments as at 31 December 2021 and the share of results of the China Evergrande Group Companies and impairment losses on the Investments for the year ended 31 December 2021. As a result, the Company's auditors were unable to obtain sufficient audit evidence on the financial information of the China Evergrande Group Companies as of and for the year ended 31 December 2021 disclosed in the consolidated financial statements as required by relevant accounting standards.

In May 2022, Fullshare Dazu as the plaintiff filed to the People's Courts two civil litigations against the China Evergrande Group Companies as the defendant respectively for its shareholder's right to know information of the China Evergrande Group Companies (the "**Shareholder's Right Actions**"). Fullshare Dazu claimed that the China Evergrande Group Companies shall grant to Fullshare Dazu full access to the books and records and related supporting documents, and coordinate appropriately in relation to the audit of the China Evergrande Group Companies. On 1 August 2022 and 20 October 2022, the relevant court delivered judgments in favour of Fullshare Dazu, respectively. As such, the Group obtained access to the books and records of the China Evergrande Group Companies.

According to the books and records, the majority of assets recorded on the China Evergrande Group Companies' statements of financial position as at 31 December 2021 and 2022 were debtors balances due from their related companies controlled by China Evergrande Group, a company listed on the Stock Exchange where trading of its shares on the Stock Exchange has been suspended since March 2022) (the "**Debtors Balances**"). Based on public information, the management understands that China Evergrande Group is facing financial difficulties in setting its outstanding debts, however, the Group is unable to obtain information relating to the financial status and the external credit rating of China Evergrande Group as China Evergrande Group has not published its financial information since September 2021 and only limited information is publicly available in relation to China Evergrande Group's restructuring procedure which is still at an early stage. As such, even though books and records of the China Evergrande Group Companies have been obtained, the Company's auditors considered that they were unable to obtain sufficient appropriate audit evidence relating to the recoverability of the Debtors Balances and thus they are unable to determine whether the (i) carrying amount of the Group's investments in associates as at 31 December 2021 and 2022, the share of results of the China Evergrande Group Companies and impairment losses on investments in associates for the years ended 31 December 2021 and 2022; and (ii) the financial information of the China Evergrande Group Companies as of and for the years ended 31 December 2021 and 2022 disclosed in the notes to the consolidated financial statements were free from material misstatement. 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 31 December 2021 and 2022 and the Group's profit/loss for the years then ended.

As of the date of this report, the daily operations of China Evergrande Group are still being intervened and monitored by the local governments in the PRC. As a result, it was not possible to obtain the abovementioned information as requested by the auditors to resolve the audit issues resulting in the Qualified Opinion.

Audit Committee's View on the Qualified Opinion

The audit committee of the Company (the "**Audit Committee**") reviewed the details of the Investments and the action plan proposed by the Management in relation to recovering the Investments, and also had discussion and confirmed with the auditors that the Qualified Opinion was only in relation to the Investments. Based on the information available, the Audit Committee agrees with the auditors' Qualified Opinion.

The Audit Committee also reviewed and concurred with the Management's view with respect to the Qualified Opinion and is also of the view that the Management should continue its efforts in implementing the actions and measures set out in the action plan with the intention of removing the Qualified Opinion.

Management Discussion and Analysis

Action Plan of the Company to Address the Qualified Opinion

The Company has strived to take various steps and measures to address the Qualified Opinion such as the Shareholder's Right Actions. The actions and proposed action plan of the Company to address the Qualified Opinion are set out as follows:

(a) The Company continues conversation with the China Evergrande Group Companies with an aim to obtain as much further updated financial information of China Evergrande Group as possible through the China Evergrande Group Companies to assist with the audit procedure of assessing the recoverability of the Debtors Balances.

(b) The Company continues its efforts in exploring any other possible supplementary actions and measures which can be implemented with the intention of removing the Qualified Opinion and protecting shareholders' benefits.

(c) The Company continues to explore the possibility of disposal of the China Evergrande Group Companies by various approaches, including but not limited to offering in open market and exploring potential purchasers through inquiry. As of the date of this report, the Company has not identified any potential purchaser for the disposal.

After taking into account the Company's action plans, it is expected that the Qualified Opinion will be removed in the following schedules based on the potential outcomes of the relevant action plans:

(a) No disposal of China Evergrande Group Companies

If the Company could reach an agreement with China Evergrande Group after the conversation by the action plan (a) in the year ending 31 December 2023 ("**Year 2023**") in relation to full access of books and records and financial information of China Evergrande Group Companies and the Company's auditors could assess the carrying amounts of the Investments as at 31 December 2021 and 2022, the Company and the auditors are of the view that the Qualified Opinion would be removed in Year 2023.

If action plan (a) cannot be achieved, so long as the auditors are able to perform sufficient appropriate audit procedures by other means in relation to the carrying amounts of the Investments in Year 2023, the Company and the auditors are of the view that the Qualified Opinion would be removed in the year ending 31 December 2025 ("**Year 2025**") as the income statement figures relating to the two associates in the 2023 financial statements would still contribute a qualified opinion while the comparative figures in 2024 financial statements would also result in a qualified opinion. Details are set out as follows:

(i) 2023 annual report: the auditors is unable to conclude whether the share of results of the associates for the year ended 31 December 2021 and 2022 and the carrying amounts of the associates as at 31 December 2022 are fairly stated. Since the opening balance brought forward may not be fairly stated, the share of results of the associates may not be correct as well even the ending balance is correct. Therefore, qualified opinion would be issued for the comparative figure on the share of results of the associates for the year ended 31 December 2022 and carrying amounts of the associates as at 31 December 2022, and share of results of the associates for the year ending 31 December 2023;

(ii) 2024 annual report: qualified opinion would be issued for comparative figures for the share of results of the associates for the year ending 31 December 2023;

(iii) 2025 annual report: no more qualified opinion would be required as the comparative figures are for the year ending 31 December 2024 ("**Year 2024**"). No qualified opinion will be issued in the 2025 annual report for the figures for the year ending 31 December 2024.

(b) Disposal of China Evergrande Group Companies in Year 2023

If the Company is able to dispose of the two associates at an appropriate consideration in Year 2023 by the action plan (c), and further audit evidence related to carrying amounts of the Investments as at 31 December 2021 and 2022 could be obtained, the Company and the auditors are of the view that the Qualified Opinion would be removed in Year 2023.

If the Company is able to dispose of the two associates at an appropriate consideration in Year 2023 by the action plan (c), but no further audit evidence related to carrying amounts of the Investments as at 31 December 2021 and 2022 could be obtained, the Company and the auditors are of the view that the Qualified Opinion would be removed in Year 2025 as it would expect the disposal gain/loss in the year ending 31 December 2023 would result in a qualified opinion while the 2023 comparative figures for the disposal gain/loss would still result in a qualified opinion in the year ending 31 December 2024. Details are set out as follows:

(i) 2023 annual report: the auditors are unable to conclude whether the carrying amounts of the associates as at 31 December 2021 and 2022 are fairly stated. Since the opening balance brought forward may not be correct, the gain/loss on disposal of the associates calculated based on opening balance brought forward may not be correct as well. Therefore, qualified opinion would be issued for comparative figure on the share of results of the associates for the year ended 31 December 2022 and carrying amounts of the associates as at 31 December 2022, gain/loss on disposal of associates for the year ending 31 December 2023, and share of results of the associates for the year ending 31 December 2023 immediately before the disposal;

(ii) 2024 annual report: qualified opinion would be issued for comparative figures for the gain/loss on disposal of the associates for the year ending 31 December 2023, and share of results of the associates for the year ending 31 December 2023 immediately before the disposal;

(iii) 2025 annual report: no more qualified opinion would be required as the comparative figures are Year 2024. No qualified opinion will be issued in the 2025 annual report for the figures for the year ending 31 December 2024.

The Company will continue to actively monitor the development of this matter and maintain ongoing communication with its auditors with the intention to remove the Qualified Opinion as soon as practicable.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

For the Year 2022, the Group financed its operations and investments mainly by internally generated funds and debt financing.

Cash position

As at 31 December 2022, the Group had cash and cash equivalents (excluding the restricted cash) of approximately RMB4,533,808,000 (31 December 2021: RMB3,473,102,000), representing an increase by approximately RMB1,060,706,000 or 31% 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.

Management Discussion and Analysis

Bank and other borrowings and corporate bonds

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

	As at 31 December 2022	As at 31 December 2021
	RMB'000	*RMB'000*
Bank and other borrowings repayable:		
Within one year or on demand	**8,608,849**	7,357,209
Between one and two years	**1,338,702**	1,078,716
Between two to five years	**1,892,357**	811,113
Over five years	**1,080,154**	47,043
Total debts	**12,920,062**	9,294,081

As at 31 December 2022, the total debt of the Group increased by approximately RMB3,625,981,000 or 39%, as compared with 31 December 2021.

Leverage

The gearing ratio of the Group as at 31 December 2022, calculated as a ratio of the sum of bank and other borrowings and corporate bonds to total assets, was approximately 23% (31 December 2021: 20%). The net equity of the Group as at 31 December 2022 was approximately RMB18,120,248,000 (31 December 2021: approximately RMB17,995,855,000).

As at 31 December 2022, the Group recorded total current assets of approximately RMB33,959,429,000 (31 December 2021: RMB24,751,821,000) and total current liabilities of approximately RMB30,181,512,000 (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 31 December 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.

TREASURY POLICIES

As at 31 December 2022, bank and other borrowings of approximately RMB12,143,445,000, RMB531,638,000, nil and RMB244,979,000 (31 December 2021: RMB8,144,297,000, RMB880,461,000, RMB18,189,000 and RMB251,134,000) were denominated in RMB, US dollars, Hong Kong dollars and Australia dollars respectively. 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 RMB6,949,171,000 (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 dollars and Australian 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 31 December 2022 are set out in note 53 to the consolidated financial statements in this report.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the Year 2022, are set out in note 6 to the consolidated financial statements in this report.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 31 December 2022 are set out in note 52 to the consolidated financial statements in this report.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2022 are set out in note 51 to the consolidated financial statements in this report.

SUBSEQUENT EVENTS

There are no material subsequent events occurred subsequent to 31 December 2022.

MATERIAL ACQUISITIONS AND DISPOSALS

To expand the scale of operations and improve the quality of the assets of the Group, the Group conducted the following material disposals in the Year 2022:

(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**", 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**").

The Sparrow Disposal was completed on 18 March 2022. Following the Sparrow Disposal, Sparrow 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.

In the Year 2022, save as disclosed above, the Group did not have any other material acquisition or disposal of subsidiaries, associates or joint ventures.

DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 December 2022.

EMPLOYEES

As at 31 December 2022, the Group had 8,448 employees (31 December 2021: 8,420 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB1,968,592,000 in the Year 2022 (Year 2021: approximately RMB1,864,222,000). 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 impel core talents.

* *For identification purpose only*

Corporate Governance Report

CORPORATE GOVERNANCE CODE

Fullshare Holdings Limited (the "**Company**") is committed to maintaining a high standard of corporate governance. The board (the "**Board**") of directors (the "**Director(s)**") of the Company believes that a high standard of corporate governance provides a framework and solid foundation for the Company and its subsidiaries (collectively the "**Group**") to manage business risks, enhance transparency, maintain a high standard of accountability and protect interests of the shareholders (the "**Shareholder(s)**") and other stakeholders of the Company.

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 Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 December 2022 (the "**Year 2022**") except 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 Year 2022, the positions of chairman and chief executive officer (the "**CEO**") of the Company were held by Mr. Ji Changqun. 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules 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 Year 2022.

THE BOARD

The Board currently consists of a total of seven Directors, comprising four executive Directors and three independent non-executive Directors (the "**INED(s)**"). The composition of the Board during the year and up to the date of this report is set out as follows:

Executive Directors

Mr. Ji Changqun *(Chairman and CEO)*
Ms. Du Wei
Mr. Shen Chen
Mr. Ge Jinzhu *(appointed on 24 June 2022)*

INEDs

Mr. Lau Chi Keung
Mr. Tsang Sai Chung
Mr. Huang Shun

Corporate Governance Report

There is no financial, business, family or other material/relevant relationship among the members of the Board.

Throughout the year and up to the date of this report, the Company has complied with the requirements under Rules 3.10 and 3.10A of the Listing Rules that require every board of directors of a listed issuer to include at least three INEDs representing at least one-third of the board, and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

For an INED to be considered independent, the Board must determine that the INED does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of the INEDs. Each of Mr. Lau Chi Keung and Mr. Tsang Sai Chung has served as an INED for more than nine years. Pursuant to Code Provision B.2.3 of the CG Code, their further appointments shall be subject to a separate resolution to be approved by the Shareholders. The Board considered that Mr. Lau Chi Keung and Mr. Tsang Sai Chung had exercised impartial judgment and given independent guidance to the Company during their tenure of office, and their long service would not affect their ability to bring fresh perspectives and the exercise of independent judgment in their independent scope of work. The Board has received from each INED an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all INEDs are independent.

Mr. Huang Shun, INED, was appointed for a specific term of three years, subject to re-election. Besides, there is no specific term of office of Mr. Lau Chi Keung and Mr. Tsang Sai Chung, both the INEDs, subject to the requirement of retirement by rotation in accordance with the articles of association of the Company (the "**Articles of Association**").

According to the Articles of Association, at each annual general meeting of the Company (the "**AGM**"), one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Every Director shall be subject to retirement by rotation at least once every three years.

The Company provides Directors with directors' liability insurance in respect of relevant legal actions against the Directors.

Corporate Culture

We are dedicated to become a responsible corporate citizen by fully implementing the principle of "healthy employee, healthy career, healthy enterprise and healthy society" in order to create the most and sustainable values for our shareholders.

The Board sets the tone and shapes the corporate culture of the Company, which is underpinned by the core values of integrity, honesty, health, win-win cooperation and contribution to society across all levels of the Group. The Board plays a leading role in defining the purpose, values and strategic direction of the Group and in fostering a culture that is foresight and efficiency focused.

The Company's culture is developed and reflected consistently in the operating practices of the Group, internal policies and practices as well as relationship with stakeholders, including but not limited to the following:

- Employees Code of Conduct
- Whistleblowing Policy
- Emolument Policy
- Shareholders' Communication Policy
- Environmental, Social and Governance ("**ESG**") Policy

The Company makes use of incentive systems as well as assessment and feedback mechanisms to ensure the Group's desired culture and values are understood and shared by all levels of staff and to foster a sound corporate culture.

Board Independence

The Company strives to build an effective Board, whose capability is appropriate for the scale, complexity and strategic positioning of our business, in particular, the board independence is crucial to the goal. The Company has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually. The nomination committee (the "**Nomination Committee**") of the Company has reviewed the implementation and effectiveness of the following mechanisms:

(a) Composition of the Board and Board committees

Three out of the seven Directors are INEDs, which meets the requirement of the Listing Rules that at least one-third of the Board are independent non-executive directors. Besides, independence element also exists among the the Board committees, for instance, (i) each of the audit committee (the "**Audit Committee**") and remuneration committee (the "**Remuneration Committee**") of the Company is chaired by an INED and the majority of members of which are INEDs; (ii) the majority members of the Nomination Committee are INEDs; and (iii) one INED is a member of each of the risk management committee (the "**Risk Management Committee**") and the environmental, social and governance committee (the "**ESG Committee**") of the Company. The strong independence element on the Board provides independent and objective oversight on strategic issues and performance matters.

(b) Time Commitment of Directors

All Directors (including the INEDs) have demonstrated a strong commitment to the Board affairs and they are well aware that they are expected to have a sufficient time and attention commitment to the Board, which can be demonstrated by the attendance record of various board/committee meetings as set out in the section "The Board" of this report. An annual confirmation has been provided by each of the Directors (including the INEDs) that they would be able to and would have capacity to devote sufficient time for the discharge of the functions and responsibilities as a Director. In addition, all Directors (including the INEDs) also disclose to the Company annually the number, identity and nature of offices held in Hong Kong or overseas listed public companies and organisations and other significant commitments, so that the Company can evaluate whether each Director (including the INEDs) can devote sufficient time to the Company.

(c) Contributions of the INEDs

The INEDs has following expertise and experience present in one or more of them:

- Significant board, financial and general management experience across a range of sectors and knowledge of corporate governance issues;
- In-depth and up-to-date knowledge of the global markets and economic, political and regulatory development;
- Extensive experience and qualification in accounting, surveying, legal and/or compliance;
- Deep knowledge of commercial expertise; and
- Alert of corporate social responsibility issues.

All of them have a wealth of experience in diverse fields and possess the requisite upright character, integrity and business insight for the proper discharge of their duties as independent directors. In pursuit of the Group's objectives and business endeavors, by offering independent and constructive advice, they provide valuable contributions and insights to the Board and instill integrity into every aspect of our business which is also aligned to our values. Their considerable pool of knowledge, experience, skills and expertise are crucial to the Board's deliberations. They have given the Board and the committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through active participation.

(d) Independent Professional Advice

According to the terms of reference of each of the Board committees, the Board committees shall be provided with sufficient resources to perform their duties and they are authorised by the Board to seek independent professional advice at the Company's expense to perform their responsibilities as they shall deem appropriate. On the other hand, the Company has already engaged different kinds of retainer professional services in order to provide support to the Directors to discharge their duties.

Diversity

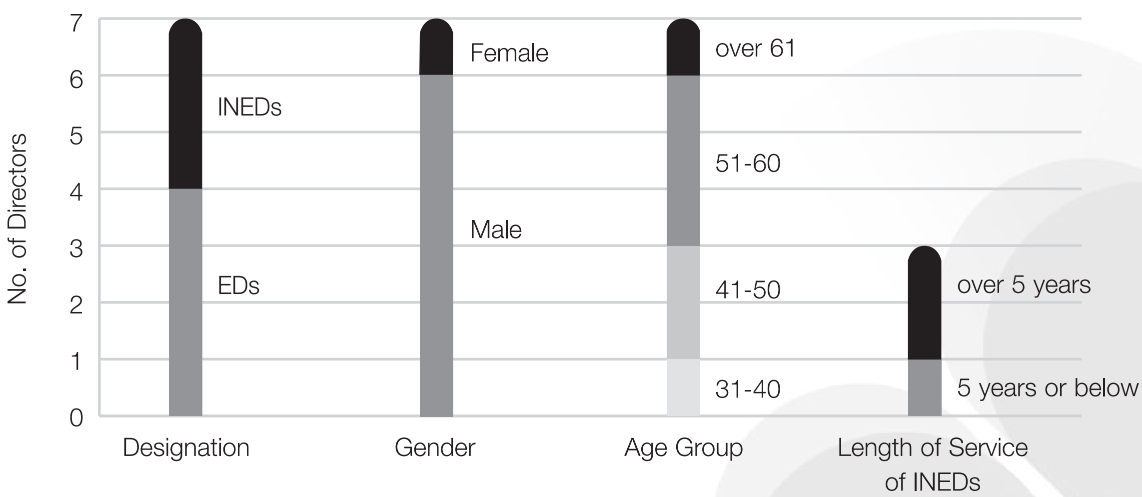
Gender Diversity

As at 31 December 2022, the Group had 8,448 employees, including 7,580 employees from China High Speed Transmission Equipment Group Co., Ltd ("**CHS**") (stock code: 00658), a non-wholly owned listed subsidiary of the Company. The Company recognises that employees are valuable assets to the Group and is committed to implementing equal opportunity employment practices. As at 31 December 2022, approximately 49% (as at 31 December 2021: 81%) of our workforce (including the senior management) (excluding CHS) is female and approximately 8% (as at 31 December 2021: 10%) of the workforce (including the senior management) of CHS alone is female. Having considered that (a) one of the principal activities of CHS is the development and manufacturing of mechanical transmission equipments, which is a traditional male dominated industry; and (b) the total number of employees of CHS is more than the Group (excluding CHS) significantly, accordingly, in order to present a reasonable calculation result of the gender ratio of the workforce of two respective listed companies, the gender ratio of the Group (excluding CHS) and CHS are calculated separately. Besides, as a result of the completion of the disposal of education business in Australia in March 2022, which is female dominated, the gender ratio of the Group as at 31 December 2022 changed as compared to last year, which became a more balanced gender ratio. In order to promote gender diversity among the senior management, gender diversity will be taken into account during the staff promotion and recruitment, however, this may be mitigated since individual performance and ability always outweigh the others in a number of factors.

Board Diversity

The current Board composition reflects diverse mix of professional knowledge, industry experience and length of service. The Nomination Committee considers that gender diversity of the Board has been achieved during the Year 2022. The diversity mix of the Board as at 31 December 2022 is summarised in the following charts:

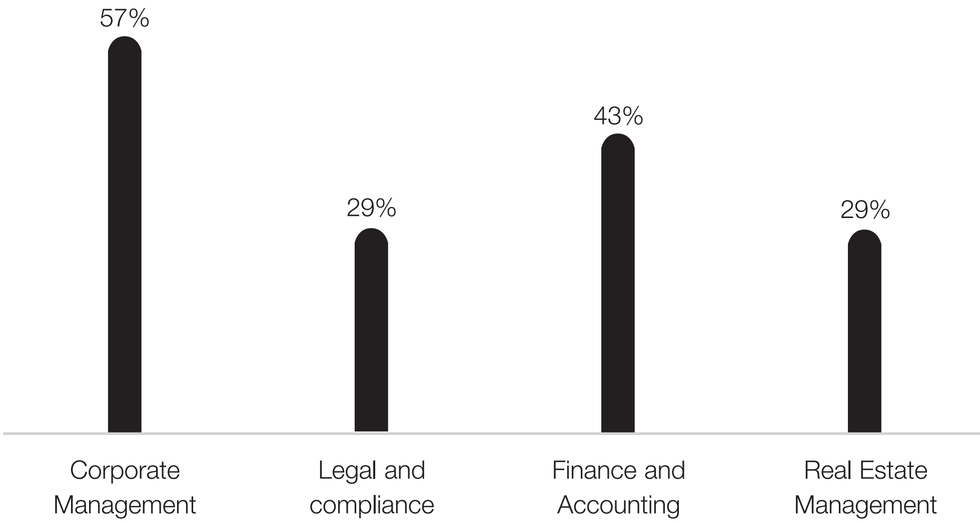
Diversity mix



Remarks:

ED – Executive Director
INED – Independent Non-executive Director

Professional Experience



Board Diversity Policy

The Board has adopted the board diversity policy (the "**Board Diversity Policy**") on 1 September 2013, and subsequently updated on 1 January 2019, which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, gender, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board.

The Nomination Committee will review annually to ensure the effectiveness and implementation of the Board Diversity Policy. The Nomination Committee considers that the current Board composition has provided the Company with a good balance and diversity of skill and experience appropriate for the business of the Company.

A copy of the Board Diversity Policy is available on the websites of the Stock Exchange and the Company.

Board Proceeding

The Board is responsible for formulating overall strategies, approving and monitoring the Group's policies and business plans, evaluating the performance of the Group and supervising the work of management. It delegates day-to-day operations and administration of the Company to the management within the control and authority set by the Board. In addition, the Board has also delegated various responsibilities to the Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and ESG Committee. Further details of these committees are set out below in this report.

During the Year 2022, four Board meetings were held and the chairman of the Board held a meeting with the INEDs without the presence of other executive Directors. The attendance records of each Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee, ESG Committee and general meeting of the Company during the Year 2022 are set out below:

	Attendance/number of meetings held during the Year 2022							
Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	ESG Committee	General Meeting	Chairman with INEDs Meeting
Executive Directors								
Mr. Ji Changqun	4/4	n/a	n/a	1/1	n/a	n/a	1/1	1/1
Ms. Du Wei	4/4	n/a	1/1	n/a	2/2	2/2	1/1	n/a
Mr. Shen Chen	4/4	n/a	n/a	n/a	4/4	2/2	1/1	n/a
Mr. Ge Jinzhu *(appointed on 24 June 2022)*	2/2	n/a	n/a	n/a	2/2	n/a	n/a	n/a
INEDs								
Mr. Lau Chi Keung	4/4	2/2	1/1	1/1	n/a	n/a	1/1	1/1
Mr. Tsang Sai Chung	4/4	2/2	1/1	1/1	4/4	2/2	1/1	1/1
Mr. Huang Shun	4/4	2/2	n/a	n/a	n/a	n/a	1/1	1/1

The Board meets regularly at least four times a year and has formal procedures to include matters to be referred to it for consideration and approval at the Board meetings. At least 14 days' notice is given to all Directors for regular Board meetings. Each Director may include any item in the agenda. The agenda and accompanying meeting papers with sufficient information are sent to all Directors at least 3 days before the intended date of a regular Board meeting to enable the Directors to make informed decisions on the matters to be discussed (and so far as practicable for such other Board meetings). Between scheduled meetings, management provides information to the Directors on the activities of and developments in the businesses of the Group. As and when deemed necessary, additional Board meetings may be convened. In addition, any Director may request the company secretary of the Company (the "**Company Secretary**") to seek for independent professional advice to assist the Directors to effectively discharge their duties.

Draft minutes of each Board meeting and Board committee meeting are circulated to all Directors/Board committee members for their comments within a reasonable time after each meeting before being approved by the chairman of such meeting. Minutes shall record sufficient details in relation to matters considered and decisions reached, including any concerns raised by Directors/Board committee members or dissenting views (if any) expressed. Minutes of Board meetings and Board committees meetings are kept by the Company Secretary and are available for inspection by any Director/Board committee member.

If a substantial shareholder or a Director has a material conflict of interest in a matter considered by the Board, the matter will be dealt with by a physical Board meeting. Except for those circumstances permitted by the Articles of Associations and all applicable laws, rules and regulations, a Director shall not vote on any Board resolution approving any contract or arrangement in which he/she or any of his/her associates has a material interest nor shall he/she be counted in the quorum present at the Board meeting.

Directors' Professional Continuous Development

Every newly appointed Director will receive a comprehensive, formal and tailored induction on the first occasion of his/her appointment to ensure he/she has a proper understanding of the Company's operations and business and full awareness of his/her responsibilities under the Listing Rules, legal and other regulatory requirements, and in particular the Company's business and governance policies. The Company Secretary facilitates the induction and professional development of the Directors.

The Directors acknowledge the need to continue to develop and refresh their knowledge and skills so as to ensure their contribution to the Board remains informed and relevant. On an ongoing basis, all Directors are encouraged to keep up-to-date on all matters relevant to the Group and to attend trainings, seminars, conferences and forums as appropriate. They are also regularly updated by reading materials concerning the business and financial updates, directors' duties, latest developments in corporate governance practices and relevant legal and regulatory developments. Records of training received by the Directors for the year ended 31 December 2022 are summarised as follows:–

Name of Directors	Attending trainings/seminars/ conferences/forums	Reading materials relating to the business and financial updates, directors' duties, corporate governance practices, legal and regulatory developments, etc.
Executive Directors		
Mr. Ji Changqun	✓	✓
Ms. Du Wei	✓	✓
Mr. Shen Chen	✓	✓
Mr. Ge Jinzhu *(appointed on 24 June 2022)*	✓	✓
INEDs		
Mr. Lau Chi Keung	✓	✓
Mr. Tsang Sai Chung	✓	✓
Mr. Huang Shun	✓	✓

CORPORATE GOVERNANCE FUNCTIONS

The Board as a whole is responsible for performing the corporate governance duties including:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the Year 2022, the Board has performed the corporate governance duties by reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.

AUDIT COMMITTEE

The Audit Committee was established on 26 November 2002. The Audit Committee currently comprises three INEDs and the chairman possesses appropriate professional qualifications, accounting and related financial management expertise. The current members of the Audit Committee are:

Mr. Huang Shun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

The Audit Committee is responsible for, amongst other things, overseeing the relationship with the external auditors, reviewing the Group's interim and annual results, reviewing the scope, extent and effectiveness of the internal financial control system of the Group, reviewing financial reporting system of the Group, and seeking independent professional advice in appropriate circumstances to discharge its duties. The terms of reference of the Audit Committee, which described its authority and duties, are available on the websites of the Stock Exchange and the Company.

During the Year 2022, the Audit Committee held two meetings and the attendance of each member is set out in the section headed "The Board" of this report. In addition to the Audit Committee meetings, the Audit Committee also dealt with matters by way of circulation during the Year 2022. The works performed by the Audit Committee and how it met its responsibilities during the Year 2022 were summarized as below:

(i) reviewed and recommended for the Board's approval the annual results for the year ended 31 December 2021 and the interim results for the six months ended 30 June 2022;

(ii) reviewed the engagement and service fee of external auditor to provide audit and/or review service;

(iii) reviewed the external auditor's independence and objectivity and the effectiveness of the audit process;

(iv) reviewed the financial reporting system of the Group;

(v) reviewed the engagement and service fee of external internal control consultant to provide internal control review service;

(vi) assessed the effectiveness of the internal financial control system of the Group; and

(vii) reviewed the effectiveness of the internal audit function of the Group.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 18 January 2006, and is chaired by an INED and the majority of the members of the Remuneration Committee are INEDs. The current members of the Remuneration Committee are:

Mr. Lau Chi Keung *(Chairman)*
Ms. Du Wei
Mr. Tsang Sai Chung

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of all executive Directors and senior management of the Company, including benefits-in-kind, pension rights and compensation payments, and making recommendations to the Board on the remuneration of the non-executive Directors. In developing remuneration policies and making recommendation as to the remuneration of the Directors and senior management of the Company, the Remuneration Committee takes into account the performance of the Group as well as individual Directors and senior management of the Company. No Director can determine his/her own remuneration package. The terms of reference of the Remuneration Committee, which described its authority and duties, are available on the websites of the Stock Exchange and the Company.

During the Year 2022, the Remuneration Committee held one meeting and the attendance of each member is set out in the section headed "The Board" of this report. In addition to the Remuneration Committee meeting, the Remuneration Committee also dealt with matters by way of circulation during the Year 2022. The works performed by the Remuneration Committee during the Year 2022 were summarized as below:

(i) reviewed the Group's remuneration policy and structure;

(ii) reviewed the existing remuneration package of all executive Directors and senior management of the Company and recommended for the Board's approval the remuneration for the Year 2022;

(iii) reviewed and recommended for the Board's approval the existing remuneration of all INEDs for the Year 2022;

(iv) reviewed and recommended for the Board's approval the remuneration of the newly appointed Director;

(v) reviewed and recommended for the Board's approval the renewal of the terms of service contracts of the Directors;

(vi) reviewed and recommended for the Board's approval the cancellation of partial share options under the share option scheme of the Company; and

(vii) reviewed and recommended for the Board's approval the revised terms of reference of the Remuneration Committee.

NOMINATION COMMITTEE

The Nomination Committee was established on 9 November 2012, and is chaired by the chairman of the Board and the majority of the members of the Nomination Committee are INEDs. The current members of the Nomination Committee are:

Mr. Ji Changqun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and identifying suitable candidates and making recommendations to the Board in relation to the appointments of new Directors and re-nomination and re-election of Directors. The terms of reference of the Nomination Committee, which described its authority and duties, are available on the websites of the Stock Exchange and the Company.

The Nomination Committee has formulated and set out the nomination policy (the "**Nomination Policy**") in its terms of reference. The objective of the Nomination Policy is to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. To ensure changes to the Board composition can be managed without undue disruption, a formal, considered and transparent procedure is in place for selection, appointment and re-appointment of directors, as well as plans in place for orderly succession for appointments (if considered necessary). When nominating candidates for directorships, the Nomination Committee will consider candidates on merit and against the objective criteria as set out under the Nomination Policy, including his/her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board (which includes but not limited to diversity in gender, age, experience, cultural and educational background, expertise, skills and know-how as set out in the Board Diversity Policy) as well as the effective carrying out by the Board of the responsibilities, in order to determine whether a candidate is qualified before making recommendations to the Board. Further details of the nomination procedures and criteria are set out in the terms of reference of the Nomination Committee which are available on the websites of the Stock Exchange and the Company.

During the Year 2022, the Nomination Committee held one meeting and the attendance of each member is set out in the section headed "The Board" of this report. In addition to the Nomination Committee meeting, the Nomination Committee also dealt with matters by way of circulation during the Year 2022. The works performed by the Nomination Committee during the Year 2022 were summarized as below:

(i) reviewed the structure, size, composition and diversity of the Board;

(ii) assessed the independence of each INED;

(iii) reviewed the Board independence;

(iv) reviewed and recommended for the Board's approval the re-election of Directors;

(v) reviewed and recommended for the Board's approval the renewal of the term of appointment of the Directors; and

(vi) reviewed and recommended for the Board's approval the appointment of Director and composition of the Board.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee was established on 16 December 2016, which is chaired by an executive Director and the majority of the members of the Risk Management Committee are executive Directors. During the Year 2022 and up to the date of this report, the members of the Risk Management Committee are:

Mr. Shen Chen *(Chairman)*
Mr. Ge Jinzhu *(appointed on 24 June 2022)*
Mr. Tsang Sai Chung
Ms. Du Wei *(ceased on 24 June 2022)*

The Risk Management Committee is responsible for advising the Board on the overall risk appetite/tolerance and risk management strategies of the Group, overseeing the implementation of the risk management strategies, and reviewing the scope, extent and effectiveness of the internal control system (other than internal financial control system) of the Group. The terms of reference of the Risk Management Committee, which described its authority and duties, are available on the websites of the Stock Exchange and the Company.

During the Year 2022, the Risk Management Committee held four meetings and the attendance of each member is set out in the section headed "The Board" of this report. The works performed by the Risk Management Committee and how it met its responsibilities during the Year 2022 were summarized as below:

(i) assessed the effectiveness of the risk management strategies;

(ii) identifying the overall risks (including the ESG risks) of the Group; and

(iii) assessed the effectiveness of the internal control system (other than internal financial control system) and risk management system of the Group.

ESG COMMITTEE

The ESG Committee was established on 7 July 2018, which is chaired by an executive Director and the majority of the members of the ESG Committee are executive Directors. The current members of the ESG Committee are:

Ms. Du Wei *(Chairman)*
Mr. Shen Chen
Mr. Tsang Sai Chung

The ESG Committee is responsible for reviewing the Company's ESG policies and practices and monitoring the implementation of the same. During the Year 2022, the ESG Committee held two meetings and the attendance of each member is set out in the section headed "The Board" of this report. The terms of reference of the ESG Committee, which described its authority and duties, are available on the websites of the Stock Exchange and the Company.

COMPANY SECRETARY

The Company Secretary, Ms. Seto Ying, undertook not less than 15 hours of relevant professional training during the Year 2022.

AUDITORS' REMUNERATION

The fees paid/payable to Baker Tilly Hong Kong Limited, the external auditor of the Company, for audit and non-audit services for the year ended 31 December 2022 amounted to approximately RMB7,367,000 (2021: RMB7,054,000) and approximately RMB4,970,000 (2021: RMB7,458,000) respectively. Details of the fees paid/payable to the external auditor for non-audit services for the year are listed below:

Review of interim and Group's entities' financial statements	RMB2,725,000
Other professional services	RMB2,245,000

There is no former partner of the existing firm auditing the accounts of the Company acting as a member of the Audit Committee for a period of two years from the date of his ceasing (i) to be a partner of the firm or (ii) to have any financial interest in the firm. In addition, the Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered. Taking into account the independence of the auditor, the relationship of the auditor with the Company as well as the opinion of the management of the Company, the Audit Committee recommended the Board to re-appoint Baker Tilly Hong Kong Limited as the external auditor of the Company for the year ending 31 December 2023, subject to approval by the Shareholders at the forthcoming AGM.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has, through the Audit Committee and the Risk Management Committee, conducted interim and annual reviews of the adequacy and effectiveness of the Group's internal control system covering the financial, operational, compliance and risk management functions for the Year 2022. The Group's internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational system and achievements of the Group's objectives.

In order to improve the Group's internal control, the Company has engaged RSM Consulting (Hong Kong) Limited ("**RSM**") to perform a review of the procedures, systems and controls for the Group. RSM has submitted its internal control review reports for the Group to the Audit Committee and the Board in March 2022, August 2022 and March 2023 respectively. Findings and recommendations concerning improvements to the Group's internal control have been reviewed by the Audit Committee and the Board.

The Board considered the Group's internal control system to be effective and adequate. In order to further enhance the effectiveness of the internal control, the Company has implemented an ongoing internal control review plan by engaging RSM for the coming year.

Procedures to Identify, Evaluate and Manage Significant Risks

The Risk Management Committee has set up a Risk Management Working Group (the "**Working Group**"), which the members come from different departments including internal audit, finance, legal compliance, investment as well as human resources. The Working Group holds regular quarterly meeting. Different departments report to the Working Group in respect of its own identified risks and the Working Group discusses and evaluates the proposal to manage the risks. Any significant risks once identified will be reported to the Risk Management Committee immediately, if necessary. The Risk Management Committee holds regular quarterly meeting to discuss and assess the identified risks reported by the Working Group and also assess the effectiveness of the risk management strategies and the internal control and risk management systems. The Risk Management Committee reports to the Board regularly. The meeting minutes of the Working Group and the Risk Management Committee are kept by the Company Secretary, which are available for inspection by any Director. The Board considered the Group's risk management system to be effective and adequate.

Inside Information

The Company has followed the procedures for handling and disclosure of inside information during the Year 2022. All departments of the Company shall report inside information which may materially affect the Company's share price to the Company Secretary and the legal compliance department. The Company has communicated with all relevant staff regarding the implementation of the procedures and relevant trainings are also provided.

Internal Audit

The internal audit department generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems.

Whistleblowing Policy

The Company has established the whistleblowing policy, which has been reviewed from time to time, for employees and those who deal with the Company (e.g. customers and suppliers) to report to the internal audit function directly and anonymously for any serious concerns about suspected fraud, corruption, malpractice, misconduct or irregularity of the Group. The internal audit function will investigate the reported cases in a confidential and timely manner and report the results of investigations to the Audit Committee and the chairman of the Board.

Employees Code of Conduct

The Group believes that the company culture of honesty, integrity, probity and self-discipline are crucial for our long-term development and success. It is stipulated in the employees code of conduct that employees are responsible to maintain the highest standard of business ethics and to observe the relevant laws and regulations. The code offers guidance to all employees on reporting and handling (potential) conflict of interest, raises employees' awareness and promotes anti-corruption.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the audited consolidated financial statements of the Group for the year ended 31 December 2022. The Directors ensure that the audited consolidated financial statements of the Group for the year ended 31 December 2022 have been properly prepared in accordance with the statutory requirements and applicable accounting standards on a going concern basis.

The statement by the auditor of the Group regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 65 to 73.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to promoting and maintaining effective communication with Shareholders and other stakeholders. The Shareholders' communication policy (the "**Shareholders' Communication Policy**"), which has been updated on 31 March 2022, has been adopted for ensuring that the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders to engage actively with the Company. The policy will be reviewed annually to ensure its implementation and effectiveness and compliance with the prevailing regulatory and other requirements.

Shareholders and potential investors are encouraged to access to the Company's website at www.fullshare.com which has provided more comprehensive information to enhance the transparency and communication effectiveness between the Company, Shareholders and investment community. The Company has established a number of channels to maintain an on-going dialogue with its Shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.fullshare.com;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) AGM and extraordinary general meeting (the "**EGM**") provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management of the Company. Shareholders are welcome to raise any query in relation to the Group's businesses at the general meetings;

(v) Company's share registrar serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters;

(vi) Shareholders and the investment community may at any time make a request to the Company Secretary or the contacts for investor relationship of the Company in writing for the Company's information to the extent such information is publicly available. The contact details are set out under the "Contact Us" section of the Company's website at www.fullshare.com; and

(vii) publicly available news and information about the Company can also be sent to the Shareholders who have subscribed to the notification service on the Company's website.

The Company complies with the notice period requirements for convening a general meeting under the Listing Rules, Articles of Association and other applicable rules and regulations. An explanation of the detailed procedures of conducting a poll is provided to the Shareholders at the commencement of the general meeting. The chairman of the general meeting answers questions from the Shareholders regarding voting by way of poll. Relevant announcement on the results of the vote by poll shall be made by the Company after the general meeting in the manner prescribed under the requirements of the Listing Rules.

Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the Shareholders' Communication Policy has been properly in place during the Year 2022 and is effective.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an EGM

Pursuant to the Articles of Association, the Board shall, on the written requisition to the Board or the Company Secretary, of the members of the Company holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, proceed to convene an EGM for the transaction of any matters specified in such requisition and such meeting shall be held within two months after the deposit of such requisition.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) may convene the meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting forward Proposals at a General Meeting

There are no provisions under the Articles of Association or the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an EGM for any matters specified in such written requisition.

Procedures for Proposing a Person for Election as a Director

Shareholders may elect any individual (the "**Candidate**") to be a Director by ordinary resolution. The Candidate for election is proposed by a separate resolution put forward for Shareholders' consideration at general meetings.

According to Article 88 of the Articles of Association, any member who wishes to propose a Candidate (other than the member himself/herself) for election as a Director should observe the following nomination procedure:

1. Prepare a signed notice of intention to propose a Candidate for election. The notice has to be signed by a member other than the Candidate being proposed.

2. Obtain a notice signed by the Candidate stating his/her willingness to be elected.

3. Both notices shall be submitted to the head office or the registration office at least 7 days before the dispatch of the notice of such general meeting.

4. Should the notice of the general meeting for such election has been sent out, the period for lodgement of such notice shall commence on the day after the dispatch of the notice of such general meeting and the last day to do so is the seventh day before the date of such general meeting.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary whose contact details are set out under the "Contact Us" section of the Company's website at www.fullshare.com.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

During the Year 2022, the Company has not made any changes to its Memorandum and Articles of Association. The updated version of the Memorandum and Articles of Association is available on the websites of the Stock Exchange and the Company. Shareholders may refer to the Articles of Association for further details of their rights.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company gives priority to distributing dividend in cash and shares its profits with its shareholders. The dividend payout ratio shall be determined by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

– the Articles of Association;

– the applicable restrictions and requirements under the laws of the Cayman Islands;

– any banking or other funding covenants by which the Company is bound from time to time;

– the investment and operating requirements of the Company; and

– any other factors that have material impact on the Company.

On behalf of the Board

Ji Changqun
Chairman

Hong Kong, 31 March 2023

Report of the Directors

The board (the "**Board**") of directors (the "**Director(s)**") of Fullshare Holdings Limited (the "**Company**") presents the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2022 (the "**Year 2022**").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group are property development and investment, tourism, investment and financial services, provision of healthcare and education products and services and new energy business. Details of the principal activities of each of the principal subsidiaries of the Group are set out in note 54 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2022 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 74 to 75 of this report.

The Board has resolved not to declare a dividend for the year ended 31 December 2022.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders of the Company (the "**Shareholder(s)**") as at 31 December 2022 and 2021 were as follows:

	2022	2021
	RMB'000	RMB'000
Share premium	**17,754,901**	17,190,894
Contributed surplus	**82,603**	82,603
Accumulated losses	**(1,350,131)**	(4,157,143)
Total	**16,487,373**	13,116,354

Under the Companies Act, Cap. 22 of the Cayman Islands, the share premium is available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. The articles of association of the Company (the "**Articles of Association**") provides that an ordinary resolution passed by the Shareholders is required for any distribution out of the share premium account. In the opinion of the Directors, the reserves of the Company available for distribution comprise share premium, contributed surplus and retained profits.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2022 are set out in note 18 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the year ended 31 December 2022 are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movement in the share capital of the Company during the year ended 31 December 2022 are set out in note 41 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year 2022 or subsisted at the end of the year, save for the Share Option Scheme (as defined below) as set out in the section headed "Share Option Scheme" of this report and any outstanding share options thereunder.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company or its subsidiaries during the Year 2022.

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 ordinary 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 of Hong Kong Limited (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, 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.

Report of the Directors

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 fully 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 sets out the relevant details during the Year 2022:

	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 during the Year 2022 (HK$ million)	Unutilised net proceeds during the Year 2022 (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 and may also include repayment of indebtedness which may become due and payable)	127.7	107.7	107.7	–
Earnest money on an investment engaged in the e-commerce business	–	70.0	70.0[(2)]	–
Total	294.7	294.7	294.7	–

Notes:

(1) 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.

(2) As disclosed in the announcement of the Company dated 29 June 2022, HK$70 million was utilised as earnest money on an investment engaged in the e-commerce business. As at the date of this report, the relevant memorandum of understanding has lapsed and the earnest money will be refunded to the Company pursuant to the terms of the memorandum of understanding. Upon receipt of the refund of the earnest money, the Company intends to apply such amount for working capital and general corporate purpose (including paying expenses for operating and financing activities and may also include repayment of indebtedness which may become due and payable).

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 were approximately HK$208.4 million. The Group has fully utilised the net proceeds from the Second Placing for repayment of the Group's loans and amounts payable during the Year 2022.

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

SHARE SUBSCRIPTION AND RELEVANT USE OF NET PROCEEDS

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 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 was approximately HK$0.11.

The completion of the Subscription took place on 16 September 2022. All the 1,970,000,000 Subscription Shares with the aggregate nominal value of HK$19,700,000 have been allotted and issued by the Company to the Subscriber at the subscription price of HK$0.11 per Subscription Share.

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. The Subscriber has 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 were approximately HK$216.5 million. The Group has fully utilised the net proceeds from the Subscription for the repayment of Group's loans and amounts payable during the Year 2022.

Details of the Subscription were set out in the announcements of the Company dated 29 July 2022 and 16 September 2022, respectively.

SHARE OPTION SCHEME

The share option scheme which has been approved by the Shareholders at the Company's extraordinary general meeting held on 17 August 2018 was adopted by the Company (the "**Share Option Scheme**"). Under the Share Option Scheme, the Board shall be entitled to offer to grant share options to any eligible participant. The major terms of the Share Option Scheme are set out below:

(1) 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 impel core talents.

(2) Eligible participants include the official full-time employees who have passed the probation and rank a level of director (總監) and above, as well as other employees of the Group selected by the Board or the Shareholders at general meeting.

(3) The total number of Shares available for issue under the Share Option Scheme is 1,919,367,461 Shares, representing approximately 7.23% of the total issued share capital of the Company as at the date of this report. The number of share options available for grant under the Share Option Scheme at the beginning and the end of the Year 2022 were 1,920,182,893 and 1,919,367,461 respectively. The aggregate value of Shares to be granted under the Share Option Scheme and Share Award Scheme (as defined below) shall not exceed HK$350 million (the "**HK$350 Million Limit**").

(4) The total number of Shares issued and to be issued upon exercise of share options granted and to be granted to any single eligible participant (other than a substantial Shareholder or an independent non-executive Director, or any of their respective associates) under the Share Option Scheme in any 12-month period shall not exceed 1% of the total number of Shares in issue on the date of grant. For share options granted or to be granted to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, the said limit is reduced to 0.10% of the total number of Shares in issue and HK$5 million in aggregate value based on the closing price of the Shares on the date of each grant. Any further grant of share options in excess of such limits is subject to Shareholders' approval at general meeting.

(5) A share option may be exercised within a period to be determined by the Board and no option may be exercised 10 years after the date of grant.

(6) Assuming all the conditions for exercise of the share options are fulfilled in accordance with the Share Option Scheme, the proportion of one-fifth (20%) of the share options may be exercised after the 12 months, 24 months, 36 months, 48 months and 60 months respectively from the date of grant.

(7) The Share Option Scheme does not specify any consideration which is payable on the acceptance of a share option.

(8) The exercise price shall be equal to the higher of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive trading days immediately preceding the date of grant; or (iii) the nominal value of the Shares.

(9) The Share Option Scheme will remain in force for a period of five(5) years commencing from 17 August 2018.

The following table sets out the movements in the share options during the Year 2022:

		No. of share options									
Share option holders	Date of grant	Outstanding as at 2022/01/01	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Adjustment during the year[1]	Outstanding as at 2022/12/31	Vesting period	Adjusted Exercise price[1] HK$	Exercise period
Director											
Ms. Du Wei	2018/12/14	1,339,280	–	–	(704,805)	–	70,329	704,804	2022/12/14-2023/12/13[4]	2.43	2023/12/13-2028/12/13
Other employees	2018/12/14	17,767,880	–	–	(9,256,494)	(178,560)	923,663	9,256,489	2022/12/14-2023/12/13[4]	2.43	2023/12/13-2028/12/13
Total		19,107,160	–	–	(9,961,299)[2]	(178,560)[3]	993,992	9,961,293			

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, the Second Placing on 24 August 2022 and the Subscription on 16 September 2022 in accordance with the terms of the Share Option Scheme.

(2) A total of 9,961,299 share options were cancelled according to the terms of the Share Option Scheme during the Year 2022.

(3) A total of 178,560 share options lapsed according to the terms of the Share Option Scheme during the Year 2022.

(4) 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%, the third 20% and the fourth 20% of the share options granted on 14 December 2018 can be exercised on 13 December 2019, 13 December 2020, 13 December 2021 and 13 December 2022 respectively. Due to failure of fulfillment of certain exercise conditions, the first tranche, second tranche, third tranche and fourth tranche share options were cancelled by the Company according to the terms of the Share Option Scheme on 13 December 2019, 13 December 2020, 13 December 2021 and 13 December 2022 respectively. The outstanding 20% share options will become exercisable from 13 December 2023 subject to satisfaction of exercise conditions set out in the Share Option Scheme.

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, 9 June 2022, 24 August 2022 and 16 September 2022 and the circular of the Company dated 30 July 2018 respectively.

SHARE AWARD SCHEME

The share award scheme was adopted by the Company on 7 July 2018 (the "**Share Award Scheme**"). Under the Share Award Scheme, the Board shall be entitled to offer to grant award shares to any eligible participant. The major terms of the Share Award Scheme are set out below:

(1) The purpose of the Share Award 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 impel core talents.

(2) Eligible participants include the official full-time employees who have passed the probation and rank a level of senior manager (高級經理) and above, as well as other employees of the Group selected by the Board or the Shareholders at general meeting.

(3) Since the Share Award Scheme does not involve issue of new shares, there is no share available for issue under the Share Award Scheme as at the date of this report.

(4) The total number of award shares granted or to be granted under the Share Award Scheme shall not in aggregate exceed 986,453,086 Shares, being 5% of the Company's total issued share capital as at the date of adoption. The grant of award shares is also subject to the HK$350 Million Limit. The number of award shares available for grant under the Share Award Scheme at the beginning and the end of the Year 2022 were 986,453,086 Shares.

(5) No grant of award shares shall be made to any connected person of the Company if the total equity interest of such connected person of the Company under the Share Award Scheme may exceed 30% due to the grant of the award shares. Save for the above, there is no maximum entitlement of each participant under the Share Award Scheme.

(6) Assuming all the vesting conditions have been satisfied, the award shares may be subscribed by the grantees on the date falling the 12th month from the date of grant of such award shares (the "**Vesting Date**") with the amount determined by the Board and pursuant to the Share Award Scheme. Upon payment of consideration of the award shares are made, 60% and 40% of the award shares will be transferred to the selected grantees following the Company's instruction since the date falling the 24th and 36th month from the date of grant respectively.

(7) Pursuant to the Share Award Scheme, Shares will be acquired by the independent trustee at the cost of the Company and be held on trust for the selected grantees until the fulfillment of vesting conditions subject to the rules of the Share Award Scheme.

(8) The Share Award Scheme does not specify any consideration which is payable on the acceptance of the subscription right of an award share. The grantee(s) may make an application to the Company on the Vesting Date for a loan of not more than 18-month with the then interest to be determined by the Company for the subscription of the award shares, while such loan shall not exceed 2/3 of the principal subscription amount of the award shares. The Company reserves the rights to approve the loan.

(9) The grant price of the award shares shall be 50% of the amount of valuation of the then award shares, and such amount of valuation shall be equal to the higher of (i) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five consecutive trading days immediately preceding the date of grant; or (iii) the nominal value of the Shares.

(10) The Share Award Scheme shall be valid for a term of five(5) years commencing from 7 July 2018.

Since the date of adoption and up to 31 December 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 Year 2022, 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.

Details of the rules of the Share Award Scheme are set out in the announcement of the Company dated 7 July 2018.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year 2022, the Group's largest customer and five largest customers accounted for approximately 14.2% and 35.9% of the total sales for the year respectively.

During the Year 2022, the Group's largest supplier and five largest suppliers accounted for approximately 12% and 41.9% of the total purchases for the year respectively.

During the Year 2022, none of the Directors or any of their respective close associates nor any Shareholders which to the knowledge of the Directors own more than 5% of the total number of issued shares of the Company had any interest in any of the Group's five largest customers and suppliers.

DIRECTORS

The Directors during the Year 2022 and up to the date of this report were:

Executive Directors:
Mr. Ji Changqun *(Chairman and CEO)*
Ms. Du Wei
Mr. Shen Chen
Mr. Ge Jinzhu *(appointed on 24 June 2022)*

Independent Non-Executive Directors:
Mr. Lau Chi Keung
Mr. Tsang Sai Chung
Mr. Huang Shun

Report of the Directors

In accordance with Article 87 of the Articles of Association, Mr. Lau Chi Keung and Mr. Tsang Sai Chung shall retire from office by rotation and, being eligible, offer themselves for re-election at the AGM.

In accordance with Article 86(3) of the Articles of Association, Mr. Ge Jinzhu shall hold office until the next general meeting of the Company and, being eligible, offer himself for re-election.

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

Mr. Shen Chen, executive Director, entered into the renewal director's service agreement with the Company on 21 October 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 Mr. Shen Chen is subject to retirement by rotation and re-election in accordance with the Articles of Association.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") since the Company's last published interim report.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

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

As at 31 December 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 Listing Rules, were as follows:

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]	32.17%
Ms. Du Wei	Beneficial owner	704,804[2]	0.00%

Notes:

(1) As at 31 December 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 704,804 share options, which has been adjusted as a result of the completion of the First Placing on 9 June 2022, the Second Placing on 24 August 2022 and the Subscription on 16 September 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 26,532,196,731 Shares in issue as at 31 December 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 31 December 2022.

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year 2022 was the Company or any of its subsidiaries, holding company or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate, save for the Share Option Scheme and Share Award Scheme as set out in the sections headed "Share Option Scheme" and "Share Award Scheme" of this report and any outstanding share options and award shares (if any) thereunder.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected and Continuing Connected Transactions" below and the related party transactions in note 55 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a Director or his/her connected entity had, directly or indirectly, a material interest, subsisted at the end of the Year 2022 or at any time during the Year 2022.

MANAGEMENT CONTRACTS

No contract by which a person undertakes the management and administration of the whole or any substantial part of any business of the Company (except for service contracts of Directors or any person engaged in full-time employment of the Company) was entered into or subsisted during the Year 2022.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as set out in note 55 to the consolidated financial statements also constituted connected transactions and/or continuing connected transactions under the Listing Rules. The Company has complied with the relevant requirements under Chapter 14A of the Listing Rules for the connected transaction and/or continuing connected transactions during the Year 2022. Details of the continuing connected transactions of the Group during the year which were required to be disclosed under Chapter 14A of the Listing Rules are set out below.

Continuing Connected Transactions

On 27 May 2015, the Company (as service provider) entered into a service agreement with each of Fullshare Group Pte. Ltd. (豐盛集團私人有限公司*) ("**Fullshare Singapore**", together with its subsidiaries as "**Fullshare Singapore Group**") (the "**Fullshare Singapore Service Agreement**"), Fullshare International (Australia) Pty. Ltd. ("**Fullshare Australia**") (the "**Fullshare Australia Service Agreement**"), Fullshare International (Australia) Cairns Pty. Ltd. ("**Fullshare Cairns**") (the "**Fullshare Cairns Service Agreement**"), Fullshare Industrial Holding Group (Australia) Cairns Pty Ltd ATF Fullshare Industrial Holding Group (Australia) Cairns Unit Trust ("**Fullshare CUT**") (the "**Fullshare CUT Service Agreement**"), Nanjing Construction Group (Australia) Whisper Bay Pty Ltd ATF Nanjing Construction Group (Australia) Unit Trust ("**NCGA**", together with its subsidiaries as "**NCGA Group**") (the "**NCGA Service Agreement**") and Nanjing Construction Group (Australia) Investment Management Pty Ltd ATF Nanjing Construction Group (Australia) Investment Management Unit Trust ("**NCGA Investment**") (the "**NCGA Investment Service Agreement**") (Fullshare Singapore, Fullshare Australia, Fullshare Cairns, Fullshare CUT, NCGA and NCGA Investment are collectively referred to as the "**Overseas Private Group**"), to regulate and provide the framework for the provision of the operation, administration and management services to be provided by the Group to the Overseas Private Group. The Fullshare Australia Service Agreement, NCGA Investment Service Agreement, Fullshare Cairns Service Agreement and Fullshare CUT Service Agreement were terminated in 2016. The relevant parties to each of the Fullshare Singapore Service Agreement and NCGA Service Agreement entered into a renewal agreement on 18 December 2020 for an extension of the term to 31 December 2023 (collectively the "**Renewal Service Agreements**") for the purpose of maintaining the strategic business relationships with Fullshare Singapore Group and the NCGA Group to allow the realization of synergies and economies of scale and continuously bring sustainable contributions to the Group's profitability in the long run.

Mr. Ji is the chairman of the Board, the chief executive officer, an executive Director and a controlling shareholder of the Company, therefore Mr. Ji is a connected person of the Company under Chapter 14A of the Listing Rules.

Mr. Ji directly holds the entire equity interest in Fullshare Singapore. Therefore, Fullshare Singapore is a connected person of the Company by virtue of being an associate of Mr. Ji under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Fullshare Singapore Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

From 1 January 2022 to 5 July 2022 (the "**Said Period**"), Mr. Ji Changrong (the younger brother of Mr. Ji) directly and indirectly held over 50% voting rights in Nanjing Jiangong Industrial Group Co., Ltd.* (南京建工產業集團有限公司) ("**Nanjing Jiangong Industrial**"). During the Said Period, NCGA was a wholly-owned subsidiary of Nanjing Jiangong Group Co., Limited* (南京建工集團有限公司) ("**Nanjing Jiangong**") and Nanjing Jiangong was a non-wholly owned subsidiary of Nanjing Jiangong Industrial. Each of Nanjing Jiangong and Nanjing Jiangong Industrial was a connected person of the Company by virtue of being an associate of Mr. Ji under Chapter 14A of the Listing Rules during the Said Period. Therefore, NCGA was also an associate of Mr. Ji thus a connected person of the Company under Chapter 14A of the Listing Rules during the Said Period. Accordingly, the transactions contemplated under the NCGA Service Agreement constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules during the Said Period.

Following the cessation of interest of Mr. Ji Changrong in Nanjing Jiangong Industrial on 6 July 2022, NCGA ceased to be a connected person of the Company. Accordingly, the transactions contemplated under the NCGA Service Agreement no longer constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules since 6 July 2022.

The annual caps for the continuing connected transactions contemplated under the Renewal Service Agreements for the financial years ended 31 December 2021 and 2022 and financial year ending 2023 are set out as follows:

	For the years ended 31 December		For the year ending 31 December
	2021	2022	2023
	RMB'000	RMB'000	RMB'000
Fullshare Singapore Service Agreement	1,250	1,250	1,250
NCGA Service Agreement	2,000	2,000	N/A

The actual amounts of the transactions under the Fullshare Singapore Service Agreement incurred for the year ended 31 December 2022 are RMB533,000 while the actual amounts of the transactions under the NCGA Service Agreement incurred for the period from 1 January 2022 to 5 July 2022 are RMB658,000.

Further details of the abovementioned continuing connected transactions were disclosed in the announcements of the Company dated 27 May 2015, 21 April 2016, 4 July 2016, 25 May 2017, 24 August 2017, 12 December 2017 and 18 December 2020 respectively.

Opinion from the independent non-executive Directors and auditor on the continuing connected transactions:

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions in relation to the Renewal Service Agreements (the "**Continuing Connected Transactions**") and confirmed that the Continuing Connected Transactions were entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the auditors of the Group were engaged to perform a review in respect of the Continuing Connected Transactions of the Group during the Year 2022 and confirmed that nothing has come to their attention that causes them to believe that the Continuing Connected Transactions: (i) have not been approved by the Board; (ii) where applicable, in all material respects, were not in accordance with the pricing policies of the Company; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the caps stated in the relevant announcements.

SUBSTANTIAL SHAREHOLDERS

Based on the disclosures of interests filed on the Stock Exchange's website, as at 31 December 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)	28.74%
Superb Colour Limited ("**Superb Colour**")	Beneficial owner[2]	967,178,496 (L) 982,442,195 (S)	3.64% 3.70%
	Interest of controlled corporation[2]	715,263,699 (L)	2.70%
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 (L) 982,442,195 (S)	6.34% 3.70%
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 (L) 982,442,195 (S)	6.34% 3.70%
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)	18.48%
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)	5.73%
Mr. Jiang Xiao Heng Jason (姜孝恒)	Beneficial owner	1,970,000,000 (L)	7.42%

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 is an enterprise established under the laws of 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 26,532,196,731 Shares in issue as at 31 December 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 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 as at 31 December 2022.

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 31 December 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 31 December 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 Year 2022. 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 Year 2022.

Save as disclosed above, as at 31 December 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.

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 was controlling shareholder (as defined under the Listing Rules) of the Company as at the date that Magnolia Wealth pledged the shares, in favour of the Lender. As at the date of this report, (i) Magnolia Wealth is no longer a controlling shareholder of the Company, it held 7,624,782,954 shares of the Company, representing approximately 28.74% of the issued share capital of the Company; and (ii) the Pledged Shares represent approximately 5.73% of the issued share capital of the Company.

BUSINESS REVIEW

Overview

The overview is set out in the "Management Discussion and Analysis" on pages 9 to 26 of this annual report.

Financial key performance indicators

During the Year 2022, the Group has recognised an increase in revenue (being one of the financial key performance indicators) of approximately RMB932,829,000 or 4.5% to approximately RMB21,718,371,000 (2021: RMB20,785,542,000). As the major contribution of revenue, the new energy segment has contributed approximately RMB21,079,654,000 or 97.1% to the Group's revenue in the Year 2022 (2021: RMB20,210,526,000). In addition, properties segment has contributed approximately RMB225,713,000 or 1% to the total revenue of the Group in the Year 2022 (2021: RMB312,719,000). The revenue generated from tourism was approximately RMB397,495,000 or 1.8% of the Group's revenue in the Year 2022 (2021: RMB245,425,000). The revenue generated from healthcare, education and others was approximately RMB9,332,000 or 0.04% of the Group's revenue in the Year 2022 (2021: RMB4,848,000).

The net profit of the Group in the Year 2022 was approximately RMB408,696,000 while the net loss was approximately RMB2,335,758,000 in year 2021. The net profit in the Year 2022 was mainly due to net reversal of impairment losses recognised on financial assets amounting to RMB990,838,000.

The Group's financial position remained solid. The net assets of the Group increased by RMB124,393,000 or 0.7% from approximately RMB17,995,855,000 in year 2021 to approximately RMB18,120,248,000 in the Year 2022. The Group generated an operating cash inflow of approximately RMB722,168,000 in the Year 2022 (2021: outflow of RMB1,039,758,000).

Revenue, net profit/loss, net assets and operating cash flow are selected by the Group as the indicators of assessment on the profitability and solvency of the Group. The analysis of these indicators can comprehensively summarise and evaluate the financial conditions and operating achievements of the Group.

Future Development

The future development is set out in the section headed "Prospect" under "Management Discussion and Analysis" on page 16 of this annual report.

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

At present, the Group operates real estate and healthcare tourism business, and holds financial assets mainly for investment in China. Changes in the economic environment may lead to adverse risks in the business environment. In 2022, China's real estate market has experienced a trough period of both volume and price declines, customer demand has weakened, and the market has entered a downturn.

Management's response: A series of policies have been gradually relaxed in China, including but not limited to the reduction of loan interest rates by banks, relaxation of loan policies by banks, preferential policies on personal income tax for house replacement, and gradual or complete relaxation of purchase restriction policies. Some cities have gradually shown signs of recovery in the property market. 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 the Group's profitability.

Market competition

China's real estate market is seeing fierce competition, in the fields including but not limited to 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: 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 2022, the pandemic caused by COVID-19 was still affecting the world. From January to November 2022, a strict zero-COVID policy was implemented in China. Due to the recurrence of the pandemic and the intensity of transmission, a series of quarantine policies were adopted in China, which to a certain extent affected economic development and people's travel and consumption.

Management's response: In December 2022, the pandemic control has been relaxed in China. The current national pandemic prevention and control situation is generally improving, and it has steadily entered the normalized prevention and control stage of "measures against Class B infectious diseases". After the Chinese New Year in 2023, the economy has been gradually recovering, and the tourism industry has been gradually picking up. European, American and Asian countries have successively lifted or relaxed quarantine policies and pandemic prevention measures related to COVID-19. The tourism industry is gradually recovering, and the Australian hotel business has been gradually recovering. The revenue of Australian hotels was RMB314,199,000 in 2022, representing an increase of approximately RMB132,294,000 or approximately 72.7% as compared with 2021. As the global pandemic is still prevalent and the virus is still mutating, the Company will continue to make contingency plans, actively tackle with possible risks, and prepare treatment plans in advance. Currently, the Company's operational 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 COVID-19 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.

While the start of 2022 saw continued easing of restriction which led to a significant increase in travel from pent up demand, the COVID-19 Omicron variant outbreak had a big impact on staffing levels throughout the industry, particularly in January 2022. During this period, the resort stayed open with a focus on staff recruitment and training that, along with return of the group segment that has been brought forward from the past two years, has delivered record revenues and profits. This continued throughout the rest of 2022. Year 2023 should see a return to pre COVID-19 seasonality as pent up domestic demand pace subsides and international travel steadily returns across an increasing number of countries.

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.

Report of the Directors

Key Relationships

(i) Employees

Human resources are regarded as an irreplaceable capital of the Group, therefore the Group places great emphasis on the development and training of employees. The Group provides a relaxed work environment and enterprise atmosphere for its employees and builds a platform for them to succeed in their career, thereby enabling them to grow together with the Group. "Creating together with sharing" is the objective which the Company is always adhering to, and the Company has helped all its employees to build their self-worth and to reach their goals.

The Company is committed to building a positive and healthy working environment, organising a variety of team activities. By integrating sports activities into various team activities, the Company is leading an active and healthy lifestyle, embodying fully the healthy concept of "Fullshare being belonging to us and health being belonging to oneself", and steadfastly become a practitioner of a healthy lifestyle. At the same time, the Group provides various training opportunities and a better development platform for its employees, motivates its employees to build their self-worth and provides a broad career stage and development room for all its employees.

In addition, the Group provides competitive remuneration and comprehensive welfare guarantee to its employees, and gives monetary and spiritual reward to those employees who have made outstanding contributions. The Group has also adopted the Share Option Scheme and the Share Award Scheme to recognise the contribution of the employees and to motivate them.

(ii) Suppliers

We have established long-term cooperation relationship with a number of suppliers, and strived to ensure that they are in compliance with our undertaking on quality and ethics. We require the suppliers to observe our undertaking of integrity. We have stringent requirements in suppliers selection and that they must satisfy the qualification requirements in qualification, capital, performance, etc. and pass our evaluation at different levels before entering into our qualified suppliers list.

(iii) Customers

Our diversified products target different customer bases. From design to completion of ultimate products, we always consider the demand and needs of our customers. No matter who our customers is, whether they are the emerging enterprises, parvenus who need social circles or consumers who focus on shopping experience, they can find strong resonance from our company products. As our marketing focuses on the widespread and subdivided channels, we can access the most relevant population easily. Through on-site exhibition, we enable each customer to understand the different complex we have brought, thereby achieving a win-win situation in sales.

Environmental Policies

We are committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. We strive to minimize our environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

Compliance with Laws and Regulations

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC while the Company itself is listed on the Stock Exchange. Accordingly, our establishment and operations shall comply with relevant laws and regulations in the PRC and Hong Kong. During the year ended 31 December 2022 and up to the date of this report, we have complied with all the relevant laws and regulations in the PRC and Hong Kong.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company (the "**Remuneration Committee**") on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Details of the remuneration of the Directors, chief executive officer and five highest paid individuals in the Group for the year ended 31 December 2022 are set out in notes 13 and 14 to the consolidated financial statements respectively.

DONATION

During the Year 2022, with the mission of "Building Together for Prosperity and Enjoyment", the Group has been dedicated to giving back to society and accumulated achievements over the years. The Group's efforts to support the community have been acknowledged over the years.

During the Year 2022, the Group made charitable donations of approximately RMB10,168,000.

Further details will be set out in the Environmental, Social and Governance Report (the "**ESG Report**") to be published separately.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As a corporate citizen, the Group has always been committed to promoting the sustainable development of business, the environment and even the community. For the strategy and performance of the Group in relation to sustainable development, please refer to the ESG Report to be published separately. The ESG Report will be uploaded to the websites of the Stock Exchange and the Company as close as possible to the publication of this annual report, and in any event no later than four months after the end of the financial year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

RELIEF FROM TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Company's securities.

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme maintained by the Group are set out in notes 2 and 11 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules throughout the Year 2022 and as at the latest practicable date prior to the issue of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. The Company has provided Directors with directors' liability insurance coverage to protect them from loss as a result of relevant legal proceeding against the Directors. The relevant permitted indemnity provision and the directors' liability insurance have been in force throughout the Year 2022 and as at the date of this report.

SUBSEQUENT EVENTS

There are no material subsequent events occurred subsequent to 31 December 2022.

AUDITOR

On 10 December 2019, PricewaterhouseCoopers resigned as auditor of the Company and Baker Tilly Hong Kong Limited ("**Baker Tilly**") was appointed as auditor of the Company at the extraordinary general meeting of the Company held on 7 January 2020.

The consolidated financial statements for the year ended 31 December 2022 have been audited by Baker Tilly, who shall retire at the conclusion of the forthcoming AGM. A resolution for the re-appointment of Baker Tilly as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Ji Changqun
Chairman

Hong Kong, 31 March 2023

* *For identification purpose only*

天職國際

Independent auditor's report to the shareholders of
Fullshare Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Fullshare Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 74 to 213, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the "Basis for qualified opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

As disclosed in Note 24 to the consolidated financial statements, the Group holds certain equity interests in two associates, namely Changzhou Jiangheng Real Estate Development Co. Ltd.* (常州江恒房地產開發有限公司) and Yangzhou Hengfu Real Estate Development Co. Ltd.* (揚州恒富房地產開發有限公司) (collectively the "China Evergrande Group Companies"). Investments in China Evergrande Group Companies are accounted for under the equity method in accordance with the Group's accounting policies. During the year ended 31 December 2021, the Group recognised share of results of the China Evergrande Group Companies of RMB30,705,000 and impairment losses on investments in China Evergrande Group Companies of RMB1,363,268,000 in the consolidated statement of profit or loss and other comprehensive income. At 31 December 2021, the carrying value of investments in China Evergrande Group Companies amounted to Nil. No share of results from these associates or reversal of impairment losses on investments in China Evergrande Group Companies has been recognised in the Group's consolidated financial statements for the year ended 31 December 2022 based on available financial information and management's best estimates on recoverable amounts of the equity interests in the China Evergrande Group Companies.

During our audit of the Group's consolidated financial statements for the year ended 31 December 2021, 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 to the Group and the supporting documents and financial information relating to the carrying amount of the investments in China Evergrande Group Companies as at 31 December 2021. Consequently, 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 China Evergrande Group Companies.

BASIS FOR QUALIFIED OPINION *(continued)*

During the year ended 31 December 2022, the Group obtained access to the books and records of China Evergrande Group Companies. In our audit process, we noted that the daily operations of China Evergrande Group, the intermediate holding company of the China Evergrande Group Companies, have been intervened and monitored by competent institutions of the local governments in the People's Republic of China and only limited information is publicly available, where certain information, including but not limited to its latest financial information and external credit rating, is not available to the public. We also understood that China Evergrande Group is currently undergoing a restructuring for operation resumption and settling the outstanding debts. Based on the public information and information made available to us, we were unable to obtain sufficient appropriate audit evidence on the recoverability of the financial assets recorded on the China Evergrande Group Companies' financial information as at 31 December 2021 and 2022. Consequently, we were unable to determine whether (i) the carrying amount of the Group's investments in associates as at 31 December 2021 and 2022, the share of results of the China Evergrande Group Companies and impairment losses on investments in associates for the years ended 31 December 2021 and 2022; and (ii) the financial information of the China Evergrande Group Companies as of and for the years ended 31 December 2021 and 2022 disclosed in Note 24 to the consolidated financial statements were free from material misstatement. 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 31 December 2021 and 2022 and the Group's profit/loss for the years then ended.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Basis for qualified opinion" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on goodwill relating to new energy CGU	
Refer to Note 5(ii)(a) (Significant accounting judgements and estimates – Impairment of goodwill) and Note 21 (Goodwill) to the consolidated financial statements. As at 31 December 2022, the Group's goodwill relating to new energy CGU has carrying value of approximately RMB1,492 million. Management is required to assess goodwill impairment both annually and whenever there is an indication that a cash-generating unit ("CGU") to which goodwill has been allocated may be impaired. Management monitored the operations of the new energy CGU to which the goodwill has been allocated and compared the recoverable amount with the carrying amount as at 31 December 2022. The recoverable amount of that CGU is determined by using value-in-use calculations based on discounted future cash flows. Significant judgements and estimates were made by management in the assessment about future business performance. The key assumptions and inputs adopted in the value-in-use calculations include revenue growth rate, operating margin and discount rate. We, therefore, consider impairment assessment on goodwill is an area of audit focus.	We understood and tested the processes and key controls of the Group over the assessment on the goodwill impairment; We obtained new energy CGU's cash flow forecasts prepared by management for goodwill impairment and assessed the historical accuracy of management's forecasts by comparing the current year's actual cash flows with the prior year's cash flow forecasts; We assessed the valuation approaches and methodologies adopted in the evaluation of goodwill impairment with reference to the industry practice and the requirements of prevailing accounting standards; We assessed management's estimation and challenged the reasonableness of key assumptions and inputs (such as revenue growth rate, operating margin and discount rate) adopted in the value-in-use calculations by: • Comparing the revenue growth rate used in the five-year forecast period with the approved budget and market development of the relevant business and industry; • Comparing the operating margin with the Group's past performance, taking into consideration of market trends; and • Assessing the discount rate by considering weighted average cost of capital for that CGU and comparable companies in the open market, as well as considering territory specific factors, such as risk-free interest rate and debt ratio prevailing in relevant market. We evaluated management's assessment of the sensitivity of the Group's impairment model against reasonably possible changes around the key assumptions and inputs. Based on the procedures above, we consider the judgements and estimates made by management in respect of impairment assessment on goodwill were supported by available evidences.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter

Fair value measurement of financial instruments with significant inputs not based on observable market data (Level 3)

Refer to Note 4 (Fair value estimation), Note 5(ii)(e) (Significant accounting judgements and estimates – Fair value), Note 26 (Financial assets at fair value through profit or loss), Note 27 (Financial assets at fair value through other comprehensive income) and Note 29 (Derivative financial instruments) to the consolidated financial statements.

As at 31 December 2022, the balances of the Group's financial assets measured at fair value with significant unobservable inputs amounted to approximately RMB6,581 million in total, and the balances of derivative financial liability amounted to approximately RMB32 million.

These unlisted financial instruments were valued with inputs not based on quoted market prices in an active market or observable market data and were categorised as Level 3 in the fair value hierarchy.

The fair values of Level 3 financial instruments were determined through the application of valuation techniques. With the assistance from external valuers, management has exercised significant judgements and estimates in identifying the appropriate valuation models and inputs including but not limited to revenue growth rate, operating margin, discount rate, liquidity discounts, earnings multiples and recent transaction prices. We have therefore focused on this area.

How our audit addressed the Key Audit Matter

We understood and tested management's procedures and key controls over the measurement of fair values in Level 3 financial instruments;

We evaluated the competence, capabilities and objectivity of the Group's external valuers;

We evaluate the valuation models and key inputs adopted by the Group on a sample basis including:

- Examining the contractual agreements and checking the calculation made by management and obtaining the investment confirmation to verify the existence and accuracy of each Level 3 financial instruments;

- Assessing the reasonableness of the discount rate by comparing weighted average cost of capital of comparable companies in the open market; and

- Evaluating the liquidity discounts, earnings multiples and recent transaction prices used by comparing with similar types of companies.

Based on the procedures above, we consider the judgements and estimates applied by management in measuring the fair values of Level 3 financial instruments with significant unobservable inputs were supported by available evidences.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of trade receivables at amortised cost	
Refer to Note 3(iv) (Financial risk management – Credit risk), Note 5(ii)(c) (Significant accounting judgements and estimates – Impairment of financial assets) and Note 31 (Trade receivables) to the consolidated financial statements. As at 31 December 2022, the Group's trade receivables at amortised cost amounted to approximately RMB7,128 million (net of allowance of approximately RMB715 million). Management applied significant judgements in assessing the expected credit losses on trade receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for loss allowances. Expected credit losses are also estimated by grouping the remaining receivables with similar credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customers and its ageing category. The expected credit loss rates are determined based on historical credit losses experienced from the past 12 to 48 months and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. We focused on this area because significant management judgements and estimates are applied in determining loss allowance of such balances.	We understood and tested key controls over management's policies, processes and controls over assessment on recoverability of trade receivables balance and determination of loss allowances; We assessed the appropriateness of the credit loss provisioning methodology used by the Group; For trade receivables assessed individually, we obtained management's assessment on the collectability (both amount and timing) of receivables balances. We corroborated against available evidences, include interviewing sales personnel, examining the correspondences with the relevant customers and inquiring the Group's internal legal counsel as to whether there are any of disputes with customers; We challenged the management's assumptions used to determine the expected credit losses by considering cash collection performance against historical trends and current and forward-looking information such as the impact of macroeconomic factors on probability of default and loss given default based on our understanding of the industry and with reference to external data source; and We tested, on a sample basis, the accuracy of management's ageing report of trade receivables by checking to sales invoices and other supporting documents. Based on the procedures above, we consider the judgements and estimates applied by management in respect of the assessment of loss allowances of trade receivables were supportable by available evidences.

Independent Auditor's Report

KEY AUDIT MATTERS *(continued)*

Key Audit Matter

Recoverability of loans receivables

Refer to Note 3(iv) (Financial risk management – Credit risk), Note 5(ii)(c) (Significant accounting judgements and estimates – Impairment of financial assets) and Note 28(i) (Loans receivables) to the consolidated financial statements.

As at 31 December 2022, the Group's loans receivables amounted to approximately RMB871 million (net of allowance of approximately RMB512 million).

Management assessed the loss allowances of loans receivables based on the expected credit loss model. The expected credit loss model involves significant management judgements and assumptions regarding the probability of default, loss given default, historical delinquency ratio of loans and interest, collateral values, economic indicators on forward-looking information as well as other significant factors not covered in the expected credit loss model, if applicable.

We focused on this area because significant management judgements and estimates are applied in determining the loss allowances of such balances.

How our audit addressed the Key Audit Matter

We assessed management's assessment of provision for loss allowances of loans receivables by performing the following procedures:

- Understood, and tested key controls over loss allowances assessment of loans receivables, which relates to management's judgements and assumptions including significant increase in credit risk, criteria of defaults and forward-looking information;

- Checked to loan agreements and drawdown and repayment slips, on a sample basis, to test the existence and accuracy of the ageing of loans receivables applied in the expected credit loss model and as at the end of the reporting period;

- Assessed the valuation methodology and approach adopted by management in the expected credit loss model;

- Evaluated the appropriateness of the key assumptions, such as delinquency ratio and collateral values used in the expected credit loss model with reference to the historical data and market economic data; and

- Re-performed management's calculation of collective loss allowances assessment which grouped together all of the receivables with similar risk characteristics based on the probability of default, exposure at default, loss given default, forward-looking information and taken into account other significant factors in estimating the loss allowance.

Based on the procedures above, we consider the judgements and estimates applied by management in the assessment of loss allowances of loans receivables were supportable by available evidences.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the "Basis of qualified opinion" section above, we were unable to obtain sufficient appropriate audit evidence relating to the recoverability of the financial assets recorded in the financial information of China Evergrande Group Companies for the years ended 31 December 2021 and 2022 and thus we are unable to determine whether (i) the carrying amount of the Group's investments in associates as at 31 December 2021 and 2022, the share of results of the China Evergrande Group Companies and impairment losses on investments in associates for the years ended 31 December 2021 and 2022; and (ii) the financial information of the China Evergrande Group Companies as of and for the years ended 31 December 2021 and 2022 disclosed in Note 24 to the consolidated financial statements were free from material misstatement. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chau Fong, Lily.

Baker Tilly Hong Kong Limited
Certified Public Accountants

Hong Kong, 31 March 2023
Chau Fong, Lily
Practising certificate number P08090

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000 (Restated)
Continuing operations			
Revenue	7	**21,718,371**	20,785,542
Cost of revenue	11	**(18,404,027)**	(17,490,747)
Gross profit		**3,314,344**	3,294,795
Selling and distribution expenses	11	**(559,709)**	(512,769)
Administrative expenses	11	**(887,866)**	(831,729)
Research and development costs	11	**(744,816)**	(667,782)
Net reversal of/(provision for) impairment losses recognised on financial assets and financial guarantee contracts	3(iv)	**990,838**	(85,878)
Other income	9	**430,385**	428,415
Net fair value changes in financial instruments	8	**(917,050)**	(1,812,574)
Other gains/(losses) – net	10	**36,180**	(61,482)
Operating profit/(loss)		**1,662,306**	(249,004)
Finance costs	12	**(872,179)**	(452,375)
Share of results of joint ventures	23	**11,915**	(6,826)
Share of results of associates	24	**(87,313)**	(1,387,153)
Profit/(loss) before tax		**714,729**	(2,095,358)
Income tax expenses	15	**(447,606)**	(272,149)
Profit/(loss) for the year from continuing operations		**267,123**	(2,367,507)
Profit for the year from discontinued operation	49(a)	**141,573**	31,749
Profit/(loss) for the year		**408,696**	(2,335,758)
Other comprehensive loss for the year:			
Items that may be reclassified to profit or loss:			
– Release of exchange fluctuation reserve upon disposal of subsidiaries		**(11,552)**	(192,753)
– Exchange differences on translation of foreign operations		**(89,369)**	50,245
– Changes in fair value of debt instruments at fair value through other comprehensive income		**10,810**	(6,552)
– Income tax relating to these items		**(779)**	933
– Share of other comprehensive income/(loss) of associates		**2,358**	(1,846)
Items that will not be reclassified to profit or loss:			
– Changes in fair value of equity instruments at fair value through other comprehensive income		**(446,442)**	(256,889)
– Income tax relating to these items		**103,048**	61,495
Other comprehensive loss for the year, net of tax		**(431,926)**	(345,367)
Total comprehensive loss for the year		**(23,230)**	(2,681,125)

	Note	2022 RMB'000	2021 RMB'000 (Restated)
Profit/(loss) for the year attributable to:			
– Equity shareholders of the Company		**(160,981)**	(2,685,344)
– Non-controlling interests		**569,677**	349,586
		408,696	(2,335,758)
(Loss)/profit for the year attributable to equity shareholders of the Company arises from:			
– Continuing operations		**(302,480)**	(2,716,052)
– Discontinued operation		**141,499**	30,708
		(160,981)	(2,685,344)
Total comprehensive (loss)/income for the year attributable to:			
– Equity shareholders of the Company		**(517,541)**	(2,995,022)
– Non-controlling interests		**494,311**	313,897
		(23,230)	(2,681,125)
Total comprehensive (loss)/income for the year attributable to equity shareholders of the Company arises from:			
– Continuing operations		**(661,023)**	(3,036,341)
– Discontinued operation		**143,482**	41,319
		(517,541)	(2,995,022)
Loss per share for loss from continuing operations attributable to equity shareholders of the Company			
Basic and diluted loss per share	17	**RMB(0.013)**	RMB(0.138)
Loss per share for loss attributable to equity shareholders of the Company			
Basic and diluted loss per share	17	**RMB(0.007)**	RMB(0.136)

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

Consolidated Statement of Financial Position

As at 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Property, plant and equipment	18	**8,804,277**	6,357,430
Investment properties	19	**5,047,272**	5,050,852
Right-of-use assets	20(a)	**1,069,278**	1,352,508
Goodwill	21	**1,503,817**	1,880,169
Other intangible assets	22	**289,106**	359,018
Investments in joint ventures	23	**290,756**	281,468
Investments in associates	24	**379,330**	325,254
Financial assets at fair value through other comprehensive income	27	**2,096,621**	2,889,286
Financial assets at fair value through profit or loss	26	**422,676**	402,124
Consideration receivables	28(ii)	**150,507**	–
Loans receivables	28(i)	**145,058**	46,837
Other financial assets at amortised cost	28(iv)	**–**	1,077,605
Other receivables	28(iii)	**–**	1,623
Prepayments	32	**5,890**	47,549
Deferred tax assets	40	**1,065,817**	776,758
		21,270,405	20,848,481
Current assets			
Inventories	30	**6,932,870**	5,210,362
Trade receivables	31	**7,128,370**	4,471,744
Consideration receivables	28(ii)	**199,989**	–
Loans receivables	28(i)	**725,606**	1,395,998
Prepayments	32	**1,942,858**	1,451,285
Other receivables	28(iii)	**1,546,434**	1,722,823
Other financial assets at amortised cost	28(iv)	**1,110,905**	–
Income tax prepaid		**29,776**	12,272
Financial assets at fair value through other comprehensive income	27	**3,536,240**	3,332,234
Financial assets at fair value through profit or loss	26	**698,272**	845,913
Properties under development	33	**593,515**	811,872
Properties held for sale	34	**56,281**	112,809
Restricted cash	35	**4,924,505**	1,911,407
Cash and cash equivalents	35	**4,533,808**	3,473,102
		33,959,429	24,751,821

Consolidated Statement of Financial Position (Continued)

As at 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Current liabilities			
Trade and bills payables	36	**10,387,604**	7,014,932
Other payables and accruals	37	**3,263,257**	4,344,394
Contract liabilities	7(ii)	**1,555,577**	872,789
Derivative financial instruments	29	**32,376**	1,825,964
Lease liabilities	20(b)(i)	**7,365**	46,805
Bank and other borrowings	38	**8,608,849**	7,357,209
Income tax payable		**805,127**	808,311
Warranty provision	39	**988,395**	863,250
Deferred income		**18,787**	14,242
Written put option liability	48(a)(ii)	**4,514,175**	–
		30,181,512	23,147,896
Net current assets		**3,777,917**	1,603,925
Total assets less current liabilities		**25,048,322**	22,452,406
Non-current liabilities			
Bank and other borrowings	38	**4,311,213**	1,936,872
Deferred income		**303,077**	200,477
Lease liabilities	20(b)(i)	**14,890**	307,953
Warranty provision	39	**1,114,729**	848,784
Deferred tax liabilities	40	**1,184,165**	1,162,465
		6,928,074	4,456,551
Net assets		**18,120,248**	17,995,855
Capital and reserves			
Share capital	41	**219,904**	160,872
Reserves	43	**11,819,139**	14,019,807
Equity attributable to equity shareholders of the Company		**12,039,043**	14,180,679
Non-controlling interests		**6,081,205**	3,815,176
Total equity		**18,120,248**	17,995,855

The consolidated financial statements on pages 74 to 213 were approved by the Board of Directors on 31 March 2023 and were signed on its behalf.

Ji Changqun
Director

Shen Chen
Director

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	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	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 year	–	–	–	–	–	–	–	–	–	–	(2,685,344)	(2,685,344)	349,586	(2,335,758)
Other comprehensive (loss)/income for the year														
– Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	–	(4,153)	–	–	–	(4,153)	(1,466)	(5,619)
– Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	–	(163,731)	–	–	–	(163,731)	(31,663)	(195,394)
– Share of other comprehensive loss of associates	–	–	–	–	–	–	–	(1,846)	–	–	–	(1,846)	–	(1,846)
– Release of exchange fluctuation reserve upon disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(192,753)	–	(192,753)	–	(192,753)
– Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	52,805	–	52,805	(2,560)	50,245
Total comprehensive (loss)/income for the year	–	–	–	–	–	–	–	(169,730)	–	(139,948)	(2,685,344)	(2,995,022)	313,897	(2,681,125)
Disposal of subsidiaries	–	–	–	(8,460)	–	–	–	–	–	–	8,460	–	(30,698)	(30,698)
Dividends to non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–	(89,302)	(89,302)
Disposal of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	(43,366)	–	–	43,366	–	–	–
Transfer of reserve	–	–	–	103,601	–	–	11,147	–	–	–	(114,748)	–	–	–
At 31 December 2021	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

		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		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
(Loss)/profit for the year		-	-	-	-	-	-	-	-	-	-	(160,981)	(160,981)	569,677	408,696
Other comprehensive (loss)/income for the year															
– Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax		-	-	-	-	-	-	-	3,826	-	-	-	3,826	6,205	10,031
– Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax		-	-	-	-	-	-	-	(266,621)	-	-	-	(266,621)	(76,773)	(343,394)
– Share of other comprehensive income of associates		-	-	-	-	-	-	-	2,358	-	-	-	2,358	-	2,358
– Release of exchange fluctuation reserve upon disposal of a subsidiary	49	-	-	-	-	-	-	-	-	-	(11,552)	-	(11,552)	-	(11,552)
– Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	-	(84,571)	-	(84,571)	(4,798)	(89,369)
Total comprehensive (loss)/income for the year		-	-	-	-	-	-	-	(260,437)	-	(96,123)	(160,981)	(517,541)	494,311	(23,230)
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	-	-	30,412	-	-	(30,412)	-	-	-
Disposal of a subsidiary	49	-	-	-	-	-	-	-	-	-	-	-	-	(3,775)	(3,775)
Partial disposal of interest in subsidiaries without loss of control	48(a), (b)	-	-	-	-	-	-	(2,248,221)	-	-	-	-	(2,248,221)	1,775,493	(472,728)
New shares issued under share placements and subscription	41	59,032	-	565,094	-	-	-	-	-	-	-	-	624,126	-	624,126
Transfer of reserve		-	-	-	414,597	-	-	-	-	-	-	(414,597)	-	-	-
At 31 December 2022		219,904	422,833	17,637,010	1,177,385	31,777	(35,258)	(2,307,746)	(891,365)	(390,381)	(35,318)	(3,789,798)	12,039,043	6,081,205	18,120,248

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	45(i)	**1,070,157**	(630,517)
Income taxes paid		**(347,989)**	(409,241)
Net cash generated from/(used in) operating activities		**722,168**	(1,039,758)
Cash flows from investing activities			
Interest received		**157,450**	77,563
Interest income received from deferred payment of consideration for partial disposal of a subsidiary		**115,491**	–
Placements of pledged bank deposits		**(10,045,880)**	(6,568,614)
Withdrawal of pledged bank deposits		**7,046,133**	6,324,361
Investments in structured bank deposits		**(60,000)**	(360,000)
Redemption of structured bank deposits		**237,013**	460,960
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**	523,095
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		**–**	2,195
Purchases of items of property, plant and equipment		**(2,623,303)**	(1,114,193)
Proceeds from disposal of items of property, plant and equipment		**19,675**	34,193
Proceeds from disposal of investment properties		**2,040**	–
Payments for right-of-use assets		**(20,806)**	(41,948)
Acquisition of subsidiaries	46	**(6,840)**	232
Disposal of subsidiaries	47, 50	**4,771**	137,101
Disposal of discontinued operation	49(b)	**132,574**	–
Receipt of consideration receivables		**–**	135,500
Proceeds from disposal of joint ventures		**–**	40,000
Capital withdrawal from a joint venture		**–**	846
Dividend received from a joint venture		**–**	50,000
Investments in associates	24	**(80,089)**	(15,000)
Capital return from an associate	24	**53,693**	–
Proceeds from deregistration of an associate		**–**	3,975
Other investment income received		**19,005**	25,207
Repayment of refundable deposits to a former owner of a subsidiary		**–**	(11,000)
Payments for Revised Forward Purchase Agreement	50	**(1,506,322)**	(610,000)
Receipt of government grants		**126,006**	35,690
Refund of refundable earnest deposit received		**(183,672)**	–
Loans and other receivables granted		**(630,681)**	(250,816)
Receipt of loans and other receivables		**1,268,360**	1,160,671
Net cash used in investing activities		**(5,640,903)**	(559,982)

Consolidated Statement of Cash Flows (Continued)

For the year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
Cash flows from financing activities			
New bank and other borrowings raised		**9,622,034**	6,394,196
Repayment of bank and other borrowings		**(6,068,695)**	(4,254,292)
Capital element of lease rental paid		**(21,102)**	(44,996)
Interest element of lease rental paid		**(7,002)**	(21,608)
Dividends paid to non-controlling shareholders		**(89,002)**	(300)
Interest paid		**(673,940)**	(470,017)
Proceeds from placements and subscription of new shares		**624,126**	–
Consideration received for partial disposal of a subsidiary without loss of control	48(a), (b)	**3,350,936**	1,000,000
Income tax paid on partial disposal of interest in a subsidiary without loss of control	48(a)	**(838,804)**	–
Net cash generated from financing activities		**5,898,551**	2,602,983
Net increase in cash and cash equivalents		**979,816**	1,003,243
Cash and cash equivalents at the beginning of the year		**3,473,102**	2,490,570
Net effect of foreign exchange rate changes		**80,890**	(20,711)
Cash and cash equivalents at the end of year		**4,533,808**	3,473,102

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

Notes to the Consolidated Financial Statements

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 Act (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. Details of the activities of its principal subsidiaries are set out in Note 54 to the consolidated financial statements. 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 trading of goods.

During the year ended 31 December 2022, as detailed in Note 49, 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 Non-current Assets Held for Sale and Discontinued Operations. Accordingly, the results of the discontinued operation were presented separately in the 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 year's presentation.

In the opinion of the directors of the Company, the immediate and ultimate holding company of the Company is Magnolia Wealth International Limited ("Magnolia"), which is a company incorporated in the British Virgin Islands ("BVI") with limited liability.

The consolidated financial statements were approved for issue by the board of directors of the Company on 31 March 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") and the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities and investment properties which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

During the year ended 31 December 2022, the Group failed to fulfill certain financial obligations as set out in an earnest money agreement in respect of previous plan on disposal of equity interests of subsidiaries (Note 37(a)), a number of loan agreements in respect of certain overdue borrowings (Note 38), and a financial guarantee contract provided to an independent third party which caused certain of the Group's investment properties to be frozen by the court order of the People's Republic of China (the "PRC") (Note 51(ii)).

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The management has prepared the cash flow projections which cover a period of twelve months from 31 December 2022. The directors are of the opinion that, based on the cash flow projections and taking into account the expected operation results, the Group's assets available for realisation if necessary, the adequate collaterals of the relevant loans, and the continuing liaison and renegotiation with relevant parties in respect of timing of repayment of the Group's financial obligations, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the next twelve months. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements under the going concern basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(a) Amendments to HKFRSs adopted by the Group

In the current year, 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 Group's annual period beginning on 1 January 2022 for the preparation of the 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
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

(b) New standards and amendments to HKFRSs not yet adopted

Certain new accounting standards and amendments listed below have been published but are not mandatory to be adopted for the year ended 31 December 2022 and have not been early adopted by the Group. The standards and amendments are either currently not relevant to the Group or had no material impact on the Group's consolidated financial statements.

- Amendments to HKAS 1, 'Classification of liabilities as current or non-current', effective for the accounting period beginning on 1 January 2024

- Amendments to HKAS 1, 'Non-current liabilities with covenants', effective for the accounting period beginning on 1 January 2024

- Amendments to HKAS 1 and HKFRS Practice Statement 2, 'Disclosure of accounting policies', effective for the accounting period beginning on or after 1 January 2023

- HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17), 'Insurance contracts', effective for the accounting period beginning on or after 1 January 2023

- Amendments to HKFRS 17, 'Initial application of HKFRS 17 and HKFRS 9 – Comparative information', effective for the accounting period beginning on or after 1 January 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(b) New standards and amendments to HKFRSs not yet adopted (continued)

- Amendments to HKAS 8, 'Definition of accounting estimates', effective for the accounting period beginning on or after 1 January 2023
- Amendments to HKAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction', effective for the accounting period beginning on or after 1 January 2023
- Amendments to HKFRS 10 and HKAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture', the effective date is to be determined
- Amendments to HKFRS 16, 'Lease liability in a sale and leaseback', effective for the accounting period beginning on or after 1 January 2024

2.2 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (Note 2.7).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method (Note 2.5), after initially being recognised at cost in the consolidated statement of financial position.

2.4 Joint arrangements

Joint arrangements are classified as either joint ventures or joint operations depending on the contracted rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Investments in joint ventures are accounted for using the equity method (Note 2.5), after initially being recognised at cost in the consolidated statement of financial position.

2.5 Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profit or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the other entity.

Unrealised gains or losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.15.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity shareholders of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling interests and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the shareholders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.7 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- Fair values of the assets transferred;
- Liabilities incurred to the former shareholders of the acquired business;
- Equity interests issued by the Group;
- Fair value of any asset or liability resulting from a contingent consideration arrangement; and
- Fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Business combinations *(continued)*

Acquisition-related costs are expensed as incurred.

The excess of:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity; and
- Acquisition-date fair value of any previous equity interest in the acquired entity, over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

2.8 Investments in subsidiaries in separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision-maker for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the chief operating decision-maker are determined following the Group's major business and service lines.

2.10 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"), which is mainly Hong Kong dollars ("HK$"), Renminbi ("RMB"), US dollars ("US$"), Australian dollars ("AUD") and European Monetary Unit ("EUR") respectively. The consolidated financial statements are presented in RMB.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

All foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "Other gains/(losses) – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVOCI") are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Foreign currency translation *(continued)*

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position item are translated at the closing rate at the statement of financial position date;

- Income and expenses for each statement of profit or loss and other comprehensive income item are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences are recognised in other comprehensive income.

(iv) Disposal of foreign operation and partial disposal

On disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the equity shareholders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences are reclassified to profit or loss.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful lives, as follows:

Hotel properties	25 years
Freehold lands	Indefinite
Buildings	30-35 years
Plant and machinery	5-10 years
Furniture and fixtures	5 years
Motor vehicles and others	5-10 years

Freehold lands are stated at cost less any impairment losses and are not depreciated.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.15).

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on disposal or retirement recognised in profit or loss in the year the asset is derecognised as the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at historical cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Investment properties

Investment properties are interests in lands and buildings, which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business.

Investment properties are initially measured at cost, including related transaction costs and borrowing costs where applicable. After initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of profit or loss and other comprehensive income as fair value gains or losses in investment properties.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For transfers from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment” up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation reserve. For transfers from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

2.13 Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are subsequently amortised over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of the reporting period.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit (“CGU”) level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

(i) Patents and technologies

Purchased patents and technologies are stated at cost less any impairment losses and are amortised on the straight-line method over their estimated useful lives of 5 to 15 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Intangible assets (other than goodwill) *(continued)*

(ii) Customer relationship

Customer relationship is stated at cost less any impairment losses and are amortised on the straight-line method over their estimated useful lives of 10 years.

(iii) Research and development costs

All research costs are charged to profit or loss as incurred.

Development costs incurred on projects to develop new products are capitalised and deferred only when the following criteria are met:

- It is technically feasible to complete the products so that it will be available for use;
- Management intends to complete the products and use or sell it;
- There is an ability to use or sell the products;
- It can be demonstrated how the products will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the products are available; and
- The expenditure attributable to the products during its development can be reliably measured.

Development costs that do not meet the above criteria are expensed when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised using the straight-line method over the useful lives of the underlying products of 5 to 10 years, commencing from the date when the products are put into commercial production.

(iv) Licenses

Licenses are stated at cost less any impairment losses and are amortised on the straight-line method over their estimated useful lives of 10 years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Goodwill

Goodwill is measured as described in Note 2.7. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. The Group performs its annual impairment test of goodwill as at 31 December.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the CGU or groups of CGU to which the goodwill relates. Where the recoverable amount of the CGU or groups of CGU is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU or groups of CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

2.15 Impairment of non-financial assets

Goodwill, intangible assets and freehold lands that have an indefinite useful life are not subject to amortisation or depreciation, and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's value-in-use and fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of the reporting period.

2.16 Properties under development and held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of leasehold lands, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.18 Leases

A lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

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

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Leases *(continued)*

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;

- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and

- Makes adjustments specific to the lease, e.g., term, country, currency and security.

The Group is exposed to potential future increase in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

- The amount of the initial measurement of lease liability;

- Any lease payments made at or before the commencement date less any lease incentives received;

- Any initial direct costs; and

- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

Rental income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rental income. The respective leased assets are included in the consolidated statement of financial position based on their nature.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at FVPL or FVOCI; and

- Those to be measured at amortised cost.

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

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

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

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Investments and other financial assets *(continued)*

(iii) Measurement (continued)

Debt instruments

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

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

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

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented as a separate line item.

Equity instruments

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Investments and other financial assets *(continued)*

(iv) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(v) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments measured at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3(iv) details how the Group determines whether there has been a significant increase in credit risk.

Other financial assets measured at fair value, including units in bond funds, equity and debt securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to ECL assessment.

For financial instruments that have low risk of default at the end of the reporting period, except for receivables related to revenue, the Group assumes that there is no significant increase in credit risk since the initial recognition, on first stage, and measures the loss allowance at an amount equal to 12-month expected credit losses. If there has been a significant increase in credit risk or credit impairment has occurred since the initial recognition of a financial instrument, on second stage, the Group recognises a loss allowance at an amount equal to lifetime expected credit losses. If credit impairment has occurred since the initial recognition of a financial instrument, on third stage, the Group recognises a loss allowance at an amount equal to lifetime expected credit losses.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3(iv) for further details.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.21 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 3(iv) for a description of the Group's impairment policies.

2.22 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash is excluded from cash and cash equivalents.

Restricted cash represents guarantee deposits held in a separate reserve account that is pledged to the banks for issuance of trade facilities such as bills payable and bankers' guarantee and as security deposits under bank borrowing agreements or monies held on trust for the customers. Such restricted cash will be released when the Group repays the related trade facilities, bank loans or trust money.

2.23 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issue of shares are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

The Group can buy back its own fully paid-up shares provided that: it has sufficient funding available; the buy-back leaves at least one remaining member; and the purchase and the manner in which the purchase is conducted are authorised by the Group either by the Articles or a shareholder's resolution. The directors must be satisfied that the Group will be able to pay its debts as they fall due in the ordinary course of business immediately after it pays for the share repurchase.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Share capital *(continued)*

A buy-back has no effect on the authorised share capital of the Group, but shares which are bought back are generally treated as cancelled, and once the repurchase is complete, the Group's issued share capital is reduced by an amount equal to the par value of the repurchased shares.

A buy-back may be funded out of profits, the proceeds of a new share issue, out of share premium account or out of capital provided always that the Group will remain able to meet its debts as they fall due or a combination of these funding methods.

2.24 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method.

2.25 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.26 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the current and deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Current income tax also includes the PRC land appreciation tax ("LAT") which is levied on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, or if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting for taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply at the time when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment properties that are measured at fair value is determined assuming the property will be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.26 Current and deferred income tax *(continued)*

(ii) Deferred income tax (continued)

Deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in the subsidiaries, associates and joint ventures where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(iii) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.27 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are included in other payables and accruals in the consolidated statement of financial position.

(b) Pension obligations

The PRC employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans. The non-PRC employees are covered by other defined-contribution pension plans sponsored by the government of their respective country of residence. The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for all employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group is required to contribute certain fixed percentages of their payroll costs to the central pension scheme or the MPF Scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme and the MPF Scheme. No forfeited contributions have been utilised by the Group to reduce the existing contributions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.27 Employee benefits *(continued)*

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: when the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.28 Share-based payments

Share-based compensation benefits are provided to employees via the Group's employee share option scheme and an employee share award scheme and difference between the fair value of equity instrument at the grant date and consideration paid for the equity instruments by employees, information relating to these schemes are set out in Note 42.

(i) Employee share option scheme

The fair value of options granted under the Group's employee share option scheme is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (e.g. the Company's share price);
- Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the Group over a specified time period); and
- Including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of the reporting period, the Company revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.28 Share-based payments *(continued)*

(ii) Employee share award scheme

The Group operates share award scheme to recognise the contributions by employees. The fair value of the employee services received in exchange for the grant of shares is recognised as employee benefit expense.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted:

- Including any market performance conditions;
- Excluding the impact of any service and non-market performance vesting conditions; and
- Including the impact of any non-vesting conditions.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of the reporting period, the Group revises its estimates of the number of share awards that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to other reserve.

The employee share trust is administered by an independent trustee and is funded by the Group's cash contributions and recorded as contributions to employee share trust, an equity component. The administrator of the employee share trust buys the Company's shares in the open market for the awards to employees if applicable.

2.29 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.29 Provisions *(continued)*

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate, which represent the directors' best estimate of the expected cost and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

2.30 Financial guarantee contracts

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

Where guarantees in relation to loans or other payables of associates or joint arrangements are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.31 Derivative financial instruments

Derivative financial instruments are recognised at fair value. At the end of the reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.32 Written put option liability

Written put options is a financial instruments granted by the Group whereby counterparties may have the rights to request the Group to purchase their equity interests in the Group's subsidiaries for cash when certain conditions are met. If the Group does not have the unconditional right to avoid delivering cash under the put option, the Group has to recognise a financial liability at the present value of the estimated future cash outflows under the put potion. The financial liability is initially recognised at fair value.

Subsequently, if the Group revises its estimates of the payments, the Group adjusts the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. At the end of the reporting period, the Group recalculates the carrying amount by computing the present value of the revised estimated future cash outflows at the financial instrument's original effective interest rate and adjustment to its carrying amount is to be recognised as income or expenses in profit or loss.

2.33 Revenue recognition

The Group manufactures and sells goods, develops and sells properties, and renders other services to its customers. Revenue are recognised when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws and rules that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

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

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

Revenue excludes value added taxes and is after deduction of any trade discounts.

(i) Sales of goods

Revenue from sales of goods directly to customers is recognised at the point that the control of the inventory have passed to the customer, which is usually at the date when the Group has delivered products to the customer, the customer has full discretion over the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.33 Revenue recognition *(continued)*

(ii) Sales of properties

The Group develops and sells residential properties in the PRC. Revenue is recognised at a point in time when the property is delivered to the customer, the customer has accepted the property in accordance with the sales contract, the acceptance provision have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(iii) Service income

The Group provides services to its customers at fixed or variable amount. If the consideration is variable, revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The Group recognises revenue from services over the period of time where the customer simultaneously receives and consumes the benefits provided by the Group or the Group has an enforceable right to payments for performance completed to date and the performance do not create an asset with an alternative use. Otherwise, revenue was recognised at a point in time. For revenue recognised over the period of time, the Group measures the progress towards complete satisfaction of performance obligation on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Provision is made for foreseeable losses as soon as they are anticipated by the Group. Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the Group.

(iv) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. See Note 2.18 for further details.

(v) Dividend income

Dividend income are received from financial assets at FVPL and FVOCI. Dividend is recognised as "Other income" in profit or loss when the right to receive dividend is established. This applies even if they are paid out of pre-acquisition profits, unless dividend clearly represents a recovery of part of the cost of an investment. In this case, dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.33 Revenue recognition *(continued)*

(vi) Interest income

Interest income from financial assets at FVPL is included in "Fair value changes in financial instruments" in profit or loss.

Interest income on loans receivables and other financial assets at amortised cost calculated using the effective interest method is recognised as "Other income" in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that are subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the impairment losses).

(vii) Financing components

The Group adjusts the transaction price for the time value of money where the period between the transfer of the promised goods or services to the customer and payments by the customer exceeds one year considering it provides a potential significant benefit. The transaction price is adjusted by the discount rate that would be reflected in a separate financing transaction between the Group and its customer at contract inception.

(viii) Multiple performance obligations

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

(ix) Contract assets and contract liabilities

As agreed in the contracts, the customer pays fixed or variable amount based on a payment schedule. If the services or goods rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services or goods rendered, a contract liability is recognised. Any unconditional rights to consideration are presented separately as receivables.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.34 Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to the equity shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.35 Dividend distribution

Dividend distribution to the shareholders of the Company is recognised as a liability in the Group's consolidated financial statements in the period in which the dividend is approved by the shareholders of the Company.

2.36 Government grants

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

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which they become receivable.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are recognised in profit or loss on a straight-line method over the expected lives of the related assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.37 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the consolidated statement of profit or loss and other comprehensive income, which comprises:

– the post-tax profit or loss of the discontinued operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2.38 Assets acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.39 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.40 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

Notes to the 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.

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings (Note 38), loans receivables (Note 28(i)) and certain financial assets at amortised cost (Note 28(iv)), at FVPL (Note 26) and at FVOCI (Note 27). The Group is also exposed to cash flow interest rate risk in relation to variable-rate financial assets at FVPL (Note 26) and bank and other borrowings (Note 38). Management monitors the interest rate exposures and will consider hedging significant interest rate exposures should the need arise. The Group is also exposed to cash flow interest rate risk relates to restricted cash and cash and cash equivalents carried at prevailing market rates. However, such exposure is minimal to the Group as these cash and cash equivalents are all short-term in nature.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the interest rate as stipulated by the People's Bank of China arising from the Group's RMB borrowings.

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate financial assets at FVPL and bank and other borrowings, which is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

For variable-rate financial assets at FVPL and bank and other borrowings, if the interest rates had been 50 basis points higher and all other variables were held constant, the Group's profit after tax for the year ended 31 December 2022 would have decreased by approximately RMB16,864,000 (2021: loss after tax increased by approximately RMB6,067,000), and vice versa. The analysis is performed on the same basis as 2021.

(ii) Foreign currency risk

The Group has transactional currency exposures and exposures on net investment in the Group's foreign operations. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies and the fluctuation in exchange rates between the foreign operations and RMB, which causes the carrying amount of the net investment to vary. Approximately 6% (2021: 12%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately 2% (2021: 4%) of costs were not denominated in the units' functional currencies. The Group currently did not enter into any hedge under the Group's foreign currency risks strategy as the Group considers the risk of movements in exchange rates between different foreign currencies and RMB to be insignificant.

3 FINANCIAL RISK MANAGEMENT *(continued)*

(ii) Foreign currency risk *(continued)*

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to the translation of a foreign operation using a functional currency other than the presentation currency of the Group). The analysis is performed on the same basis as 2021. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

	Increase/ (decrease) in RMB rate	(Decrease)/ increase in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2022			
If HK$ weakens against RMB	**5%**	**(111,401)**	**1,988**
If HK$ strengthens against RMB	**(5%)**	**111,401**	**(1,988)**
If US$ weakens against RMB	**5%**	**(11,287)**	**7,224**
If US$ strengthens against RMB	**(5%)**	**11,287**	**(7,224)**
If EUR weakens against RMB	**5%**	**(12,555)**	**–**
If EUR strengthens against RMB	**(5%)**	**12,555**	**–**
If AUD weakens against RMB	**5%**	**4,621**	**7,351**
If AUD strengthens against RMB	**(5%)**	**(4,621)**	**(7,351)**

	Increase/ (decrease) in RMB rate	(Increase)/ decrease in loss before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2021			
If HK$ weakens against RMB	5%	(101,386)	191
If HK$ strengthens against RMB	(5%)	101,386	(191)
If US$ weakens against RMB	5%	(23,254)	4,141
If US$ strengthens against RMB	(5%)	23,254	(4,141)
If EUR weakens against RMB	5%	(10,384)	–
If EUR strengthens against RMB	(5%)	10,384	–
If AUD weakens against RMB	5%	3,273	5,106
If AUD strengthens against RMB	(5%)	(3,273)	(5,106)

* Excluding retained earnings

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iii) 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 Hong Kong Stock Exchange, Shanghai Stock Exchange and the NASDAQ Stock Market ("NASDAQ"). The Group closely monitors the 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.

The sensitivity analysis below have been determined based on the exposure to equity price risk at the end of the reporting period. If the prices of the respective listed equity instruments had been 10% (2021: 10%) higher/lower, the profit after tax and total comprehensive income after tax for the year ended 31 December 2022 would have increased/decreased by approximately RMB5,835,000 and RMB8,643,000 (2021: loss after tax and total comprehensive loss after tax decreased/increased by approximately RMB1,347,000 and RMB7,290,000) respectively, as a result of the changes in fair value of the equity instruments. The Group has diversified its investment portfolio in order to minimise the concentration of such equity price risk.

If the fair value of the respective unlisted equity instruments had been 10% (2021: 10%) higher/lower, the profit after tax and total comprehensive income after tax for the year ended 31 December 2022 would have increased/decreased by approximately RMB74,408,000 and RMB150,021,000 (2021: loss after tax and total comprehensive loss after tax decreased/increased by approximately RMB69,807,000 and RMB216,963,000) respectively, as a result of the changes in fair value of the unlisted equity instruments.

(iv) Credit risk

The Group has policies to limit the credit risk exposure on debt instruments carried at amortised cost, FVOCI, FVPL and financial guarantee contracts. The Group assesses the credit quality 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)*

(iv) Credit risk *(continued)*

The credit risk on the Group's cash and cash equivalents and restricted cash is limited because the counterparties are banks with high credit ratings and a regulated company. Other than concentration of the credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group also has concentration of credit risks with exposure limited to certain counterparties and customers. As at 31 December 2022, trade and bills receivables from top five customers accounted for approximately 24% (2021: 32%) of the Group's trade and bills receivables. Apart from delegating a team for determining the credit limits, credit approval and other monitoring procedures on customers, the Group had also explored new markets and new customers in order to minimise the concentration of credit risk. Other than above, there is no other concentration of credit risk on the Group's trade and bills receivables. The Group does not obtain collateral from customers or counterparties in respect of trade and bills receivables.

For properties that are pre-sold but development has not been completed, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties, which were Nil (2021: RMB6,076,000) as at 31 December 2022. If a purchaser defaults on the payment of its mortgage during the period of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding loan and any interest accrued thereof. As the mortgage loans are secured by the properties with current market price higher than the guaranteed amounts, the directors of the Company consider that the Group would recover any loss that may arise from the guarantees provided by the Group.

For loans receivables, other receivables, consideration receivables and other financial assets at amortised cost, management makes periodic and collective assessment as well as individual assessment on their respective recoverability based on historical settlement records, past experience, and also quantitative and qualitative forward-looking information that is reasonable and supportive. Collateral for certain of the trade receivables and loans receivables included both listed and non-listed securities of small to medium-sized companies. Those securities are less liquid and more volatile in respect of their value, which have been taken into consideration in arriving at the measurement of ECL.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB1,431,900,000 (2021: RMB1,542,367,000) as at 31 December 2022. The credit risk on certain financial guarantee contract is considered to be either default or virtually certain to default given the financial position of those counterparties. Accordingly, the loss allowances are measured at lifetime ECL and take into consideration of delinquency ratio and collateral values. Balances of liabilities arising from the financial guarantee contracts are set out in Note 51(ii).

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

The Group has the following types of financial assets that are subject to ECL model:

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

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 a 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.

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.

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

(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.

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

2022	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	RMB'000
ECL rate	1.45%	33.68%	46.85%	78.14%	100%	6.48%
Gross carrying amount under ECL model (excluding debtors of which 100% loss allowances have been provided)	6,870,282	401,206	159,199	32,219	158,993	7,621,899
Loss allowances under ECL model	(99,651)	(135,123)	(74,587)	(25,175)	(158,993)	(493,529)
100% loss allowances specifically provided	(433)	(867)	(24,479)	(11,085)	(184,193)	(221,057)
Loss allowances	(100,084)	(135,990)	(99,066)	(36,260)	(343,186)	(714,586)
Net carrying amount	6,770,631	266,083	84,612	7,044	–	7,128,370

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

(a) Trade receivables (continued)

2021	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%	8.21%
Gross carrying amount under ECL model (excluding debtors of which 100% loss allowances have been 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 movements of ECL provision for trade receivables during the years ended 31 December 2022 and 2021 is as follows:

	2022 RMB'000	2021 RMB'000
ECL provision as at 1 January	**605,693**	594,860
Provision for loss allowances recognised in profit or loss for continuing operations	**126,202**	29,561
Provision for loss allowances recognised in profit or loss for discontinued operation	**281**	1,261
Uncollectible receivables written off during the year	**(11,587)**	(14,556)
Disposal of subsidiaries	**(6,040)**	(5,433)
Exchange differences	**37**	–
ECL provision as at 31 December	**714,586**	605,693

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.

3 **FINANCIAL RISK MANAGEMENT** *(continued)*

(iv) **Credit risk** *(continued)*

(a) ***Trade receivables*** *(continued)*

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under simplified approach.

Trade receivables	Lifetime ECL (non-credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2021	392,319	202,541	594,860
Changes due to financial instruments recognised as at 1 January 2021:			
– Impairment losses recognised for continuing operations	8,523	3,607	12,130
– Impairment losses recognised for discontinued operation	–	1,261	1,261
– Disposal of subsidiaries	(5,433)	–	(5,433)
– Written off as uncollectible	(12,701)	(1,855)	(14,556)
New financial assets originated or purchased	17,431	–	17,431
As at 31 December 2021	400,139	205,554	605,693
Changes due to financial instruments recognised as at 1 January 2022:			
– Transferred to credit-impaired	(19,396)	19,396	–
– Impairment losses recognised for continuing operations	123,053	1,829	124,882
– Impairment losses recognised for discontinued operation	–	281	281
– Disposal of subsidiaries	–	(6,040)	(6,040)
– Written off as uncollectible	(11,587)	–	(11,587)
New financial assets originated or purchased	1,320	–	1,320
Exchange differences	–	37	37
As at 31 December 2022	493,529	221,057	714,586

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) 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, consideration 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, or when contractual payments are more than 30 days past due	Lifetime expected credit losses	20% – 50%
Stage three	There is evidence indicating the receivable is credit impaired, or when contractual payments are more than 90 days past due	Lifetime expected credit losses	50% – 100%

3 **FINANCIAL RISK MANAGEMENT** *(continued)*

(iv) **Credit risk** *(continued)*

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

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

	ECL rate	Gross carrying amount RMB'000	ECL provision RMB'000	Carrying amount (net of provision for loss allowances) RMB'000
2022				
Loans receivables *(Note (i))*	**37.03%**	**1,382,708**	**(512,044)**	**870,664**
Consideration receivables	**0.00%**	**350,507**	**(11)**	**350,496**
Other receivables	**25.69%**	**2,081,016**	**(534,582)**	**1,546,434**
Other financial assets at amortised cost	**0.02%**	**1,111,142**	**(237)**	**1,110,905**
		4,925,373	**(1,046,874)**	**3,878,499**
2021				
Loans receivables *(Note (i))*	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:

(i) The expected loss rate for loans receivables was relatively large in 2021 and 2022 were due to significant increase in credit risks of certain borrowers since initial recognition. The financial condition of certain of the borrowers have been significantly deteriorated with certain of their loans default in repayments and remain unsettled as at the end of the reporting period.

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.

The overall loans receivables balance decreased significantly as at 31 December 2022 due to the continuing efforts of the Group to chase for debt settlements.

Overdue loans receivables of RMB56,993,000 is subsequently recovered up to the date of these consolidated financial statements.

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

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

The following table shows reconciliation of loss allowances that has been recognised for loans receivables:

	12-month ECL RMB'000	Lifetime ECL (non-credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Loans receivables				
As at 31 December 2020	55,549	9,418	1,473,621	1,538,588
Changes due to financial instruments recognised as at 1 January 2021:				
– Transferred to credit-impaired	(850)	(4,231)	5,081	–
– Transferred to 12-month ECL	152,320	–	(152,320)	–
– Impairment losses (reversed)/ recognised	(193,685)	15,715	248,508	70,538
New financial assets originated or purchased	–	3,662	–	3,662
As at 31 December 2021	13,334	24,564	1,574,890	1,612,788
Changes due to financial instruments recognised as at 1 January 2022:				
– Transferred to non-credit-impaired	–	144,835	(144,835)	–
– Impairment losses reversed	(13,334)	(131,381)	(961,685)	(1,106,400)
New financial assets originated or purchased	5,100	498	–	5,598
Exchange differences	–	58	–	58
As at 31 December 2022	5,100	38,574	468,370	512,044

The following table shows reconciliation of loss allowances that has been recognised for consideration receivables:

	12-month ECL RMB'000	Lifetime ECL (non-credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Consideration receivables				
As at 31 December 2020	1,509	–	4,095	5,604
Changes due to financial instruments recognised as at 1 January 2021:				
– Impairment losses reversed	(1,509)	–	(4,095)	(5,604)
As at 31 December 2021	–	–	–	–
New financial assets originated or purchased	11	–	–	11
As at 31 December 2022	11	–	–	11

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

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

The following table shows reconciliation of loss allowances that has been recognised for other receivables:

	12-month ECL RMB'000	Lifetime ECL (non-credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Other receivables				
As at 31 December 2020	28,456	86,548	436,022	551,026
Changes due to financial instruments recognised as at 1 January 2021:				
– Transferred to credit-impaired	(269)	–	269	–
– Impairment losses (reversed)/ recognised	(15,947)	1,966	6,673	(7,308)
New financial assets originated or purchased	5,959	486	–	6,445
As at 31 December 2021	18,199	89,000	442,964	550,163
Changes due to financial instruments recognised as at 1 January 2022:				
– Transferred to 12-month ECL	6	–	(6)	–
– Transferred to non-credit-impaired	–	40,826	(40,826)	–
– Impairment losses (reversed)/ recognised	(6,381)	(34,850)	16,597	(24,634)
– Written off as uncollectible	–	–	(116)	(116)
New financial assets originated or purchased	3,087	39	6,058	9,184
Exchange differences	(23)	8	–	(15)
As at 31 December 2022	14,888	95,023	424,671	534,582

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

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

The following table shows reconciliation of loss allowances that has been recognised for other financial assets at amortised cost:

	12-month ECL RMB'000	Lifetime ECL (non-credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
Other financial assets at amortised cost				
As at 31 December 2020	452	–	–	452
Changes due to financial instruments recognised as at 1 January 2021:				
– Impairment losses recognised	584	–	–	584
As at 31 December 2021	1,036	–	–	1,036
Changes due to financial instruments recognised as at 1 January 2022:				
– Impairment losses reversed	(799)	–	–	(799)
As at 31 December 2022	237	–	–	237

(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.

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

(d) Financial assets at 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 31 December 2022, the Group is also 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 RMB172,678,000 (2021: RMB402,218,000).

During the years ended 31 December 2022 and 2021, the summary of the net impairment losses on financial assets and financial guarantee contracts recognised in profit or loss for continuing operations was as follows:

	2022 **RMB'000**	2021 RMB'000 (Restated)
(Reversal of)/provision for impairment loss on		
– Trade receivables	**126,202**	29,561
– Loans receivables	**(1,100,802)**	74,200
– Consideration receivables	**11**	(5,604)
– Other receivables	**(15,450)**	(863)
– Other financial assets at amortised cost	**(799)**	584
– Financial guarantee contracts	**–**	(12,000)
	(990,838)	85,878

(v) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms and its derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest are floating rate, the undiscounted amount is derived from the interest rate curve at the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT *(continued)*

(v) Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2022			
	Less than 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Bank and other borrowings	9,010,697	3,744,251	1,151,948	13,906,896
Trade and bills payables	10,387,604	–	–	10,387,604
Other payables and accruals	1,606,687	–	–	1,606,687
Lease liabilities	7,112	10,943	5,841	23,896
Financial guarantee contracts	754,997	676,903	–	1,431,900
Derivative financial instruments	34,805	–	–	34,805
Written put option liability	4,514,175	–	–	4,514,175
	26,316,077	4,432,097	1,157,789	31,905,963

	2021			
	Less than 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Bank and other borrowings	7,678,203	2,112,877	47,289	9,838,369
Trade and bills payables	7,014,932	–	–	7,014,932
Other payables and accruals	2,929,978	–	–	2,929,978
Lease liabilities	47,651	179,162	131,576	358,389
Financial guarantee contracts	1,447,756	44,611	–	1,492,367
Derivative financial instruments	1,833,908	–	–	1,833,908
	20,952,428	2,336,650	178,865	23,467,943

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The amount included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the Group considers that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amount included above for written put option liability is the maximum amount the Group could be required to settle under the Equity Transfer Agreement as detailed in Note 48(a).

3 FINANCIAL RISK MANAGEMENT *(continued)*

(vi) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2022.

The Group monitors capital using a gearing ratio, which is calculated as a ratio of the sum of bank and other borrowings to total assets. The gearing ratio as at the end of the reporting periods was as follows:

	2022 **RMB'000**	2021 RMB'000
Bank and other borrowings *(Note 38)*	**12,920,062**	9,294,081
Non-current assets	**21,270,405**	20,848,481
Current assets	**33,959,429**	24,751,821
Total assets	**55,229,834**	45,600,302
Gearing ratio	**23%**	20%

Notes to the Consolidated Financial Statements

4 FAIR VALUE ESTIMATION

(i) Financial assets and liabilities

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 the reporting period by the level in the fair value hierarchy as below:

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 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 fair value hierarchy during the years ended 31 December 2021 and 2022.

4 FAIR VALUE ESTIMATION *(continued)*

(i) Financial assets and liabilities *(continued)*

(a) ***Fair value hierarchy*** *(continued)*

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2022				
Financial assets at FVOCI:				
– Listed equity investments	**102,443**	**–**	**–**	**102,443**
– Unlisted equity investments	**–**	**–**	**1,998,758**	**1,998,758**
– Bills receivables	**–**	**–**	**3,531,660**	**3,531,660**
Financial assets at FVPL:				
– Unlisted equity investments	**–**	**–**	**843,317**	**843,317**
– Listed equity investments	**69,877**	**–**	**–**	**69,877**
– Structured bank deposits	**–**	**–**	**51,374**	**51,374**
– Trade receivables measured at FVPL	**–**	**–**	**121,304**	**121,304**
– Derivative financial instruments	**–**	**–**	**35,076**	**35,076**
Financial liability at FVPL:				
– Derivative financial instruments	**–**	**–**	**(32,376)**	**(32,376)**
	172,320	**–**	**6,549,113**	**6,721,433**
As at 31 December 2021				
Financial assets at FVOCI:				
– Listed equity investments	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 investments	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 liability at FVPL:				
– Derivative financial instruments	–	–	(1,825,964)	(1,825,964)
	105,754	–	5,537,839	5,643,593

4 FAIR VALUE ESTIMATION *(continued)*

(i) **Financial assets and liabilities** *(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 of the 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 of the 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 2 and Level 3 of the 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.

4 FAIR VALUE ESTIMATION *(continued)*

(i) Financial assets and liabilities *(continued)*

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

The following tables presents the changes in Level 3 fair value hierarchy items for the years ended 31 December 2021 and 2022:

	Financial assets at FVPL				Financial assets at FVOCI		
	Unlisted equity investments RMB'000 *(Note 26)*	Trade receivables RMB'000 *(Note 26)*	Structured bank deposits RMB'000 *(Note 26)*	Derivative financial instruments RMB'000 *(Note 26)*	Unlisted equity investments RMB'000 *(Note 27)*	Bills receivables RMB'000 *(Note 27)*	Total RMB'000
At 1 January 2021	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 and 1 January 2022	**791,364**	**176,407**	**225,811**	**38,324**	**2,869,542**	**3,262,355**	**7,363,803**
Acquisitions	**–**	**320,031**	**60,000**	**–**	**–**	**14,468,142**	**14,848,173**
Disposals	**–**	**(374,164)**	**(237,013)**	**–**	**(400,000)**	**(14,209,647)**	**(15,220,824)**
Fair value gains/(losses) recognised in profit or loss	**16,657**	**(970)**	**2,576**	**(6,739)**	**–**	**–**	**11,524**
Fair value (losses)/gains recognised in other comprehensive income	**–**	**–**	**–**	**–**	**(470,784)**	**10,810**	**(459,974)**
Exchange differences	**35,296**	**–**	**–**	**3,491**	**–**	**–**	**38,787**
At 31 December 2022	**843,317**	**121,304**	**51,374**	**35,076**	**1,998,758**	**3,531,660**	**6,581,489**

	Derivative financial instruments RMB'000
Financial liability at FVPL	
At 1 January 2021	(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	(1,825,964)
Realisation of derivative financial instrument *(Note 50)*	2,688,011
Fair value gains recognised in profit or loss	(894,423)
At 31 December 2022	(32,376)

4 FAIR VALUE ESTIMATION *(continued)*

(i) Financial assets and liabilities *(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; discount rates that correspond to the expected risk level, ranging from 1.0% to 18.0% (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, and vice versa
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; discount rates that correspond to the expected risk level at 1.2% (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, and vice versa
		(ii) Net asset value approach	N/A	N/A
		(iii) Market comparison approach	Discount for lack of marketability, ranging from 12.3% to 20.6% (2021: 19.9% to 28.4%)	The lower the discount rate, the higher the fair value, and vice versa
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 or payment date; discount rates that correspond to the expected risk level at 7.5% (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, and vice versa

4 FAIR VALUE ESTIMATION *(continued)*

(ii) Sensitivity analysis

The sensitivity analysis below has been determined based on the change of rate of return in isolation used in the expected future cash flows that reflect the 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 loss (net of tax) for the year ended 31 December 2022 would have decreased/increased by approximately RMB52,570,000 (2021: RMB18,750,000) as a result of the changes in fair value of the financial assets. The analysis was performed on the same basis as 2021.

(iii) Non-financial assets and liabilities

Refer to Note 19 for disclosures of investments properties that are measured at fair value.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(i) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Deferred taxation and LAT on investment properties

For the purposes of measuring deferred tax liabilities and LAT arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that three (2021: three) of the Group's investment properties, shopping malls acquired or constructed in previous years, are held under a business model whose objective is to consume substantially all of the economic benefits embodied in that investment property over time rather than through sale. Therefore, in measuring the Group's deferred tax liabilities on such investment properties, the directors of the Company have determined that the presumption that the carrying amounts of such investment properties are recovered entirely through sale is rebutted. As at 31 December 2022, the carrying amount of such properties was RMB4,399,816,000 (2021: RMB4,406,580,000). For the remaining investment properties on which the presumption is not rebutted, the Group has further recognised deferred taxes on changes in fair value of investment properties in relation to the LAT, which is the additional tax to be charged if a property in the PRC is recovered through sale. As at 31 December 2022, the carrying amount of these properties was RMB647,456,000 (2021: RMB644,272,000).

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(i) Judgements *(continued)*

(b) Principal or agent consideration for revenue

The Group distributes a wide range of trading of goods. Revenue is recognised when or as the control of the goods is transferred to the customer. The Group determines the presentation of its revenue by assessing whether it acts as the principal of the goods that are sold. The Group presents its revenue on a net basis when the Group acts as an agent with no control over the underlying goods and does not assume inventory risk. The Group presents its revenue on a gross basis when the Group assumes inventory risk and acts as a principal from the goods suppliers for the trade. The purchase payments to the goods suppliers are recorded as "Cost of revenue" in profit or loss. The Group presents majority of its revenue on gross basis as the Group is primarily responsible for providing the underlying goods and the Group controls the goods provided by suppliers prior to its transfer to customers.

(c) Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern even though the Group failed to fulfill certain financial obligations as set out in Note 2.1 to the consolidated financial statements.

(ii) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, are described below.

(a) Impairment of goodwill

The Group performs goodwill impairment assessment both annually and whenever there is an indication that a CGU to which goodwill has been allocated may be impaired. This requires an estimation of the value-in-use or fair value less costs of disposal of the CGUs to which the goodwill is allocated as applicable. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The cost of goodwill at 31 December 2022 was RMB1,623,368,000 (2021: RMB2,152,512,000) with accumulated impairment of RMB119,551,000 (2021: RMB272,343,000). Further details are disclosed in Note 21 to the consolidated financial statements.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(ii) Estimation uncertainty *(continued)*

(b) Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group uses its judgement to select a variety of methods like market comparison approach and/or a combination of discount cash flow projections and make assumptions about the expected cash flows, discount rate etc. and take into account the current market rents for similar properties in the same location and condition. The carrying amounts of investment properties at 31 December 2022 was RMB5,047,272,000 (2021: RMB5,050,852,000). Further details, including the key assumptions used for fair value measurement are disclosed in Note 19 to the consolidated financial statements.

(c) Impairment of financial assets

The ECL for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period. Details of the key assumptions and inputs used are disclosed in Note 3(iv) to the consolidated financial statements.

(d) Net realisable value of inventories, properties under development and held for sale

Net realisable value of inventories, properties under development and held for sale is the estimated selling price in the ordinary course of business less estimated costs to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in market conditions. Management reassesses these estimates at the end of the reporting period.

(e) Fair value measurement of financial instruments

As at 31 December 2022, certain of the Group's financial assets and financial liabilities, including unlisted equity investments and derivative financial instruments, amounting to RMB2,877,151,000 (2021: RMB3,699,230,000) and RMB32,376,000 (2021: RMB1,825,964,000), respectively, are measured at fair values which are determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs, including expected future cash flows, expected recovery date and discount rates, etc., which are mainly based on market practice and industry knowledge existing at the end of the reporting period. Changes in assumptions relating to these factors could result in material adjustments to the fair values of these instruments. Details of the key assumptions used and the impact of changes to these assumptions are disclosed in Note 4 to the consolidated financial statements.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(ii) Estimation uncertainty *(continued)*

(f) Current and deferred income tax

The Group is subject to income tax in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be levied. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(g) Useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. Management reviews the estimated useful lives and residual value of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual value are based on the Group's historical experience with similar assets, taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(h) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment of all non-financial assets, including property, plant and equipment, at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use.

Certain property, plant and equipment are subject to impairment and impairment losses of RMB18,331,000 (2021: RMB82,232,000) in respect of property, plant and equipment that have been provided during the year ended 31 December 2022. Details of the impairment of property, plant and equipment are disclosed in Note 18.

(i) Estimation of provision for warranty claims

The Group generally offers 60-66 months warranties for its mechanical transmission equipment. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that historical cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs. As at 31 December 2022, this particular provision had a carrying amount of RMB2,103,124,000 (2021: RMB1,712,034,000).

6 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 trading of goods.

The Group disposed of a subsidiary which represented a separate major line of education business in Australia during the year ended 31 December 2022 and was classified as a 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 49. Accordingly, certain comparative information related to the discontinued operation are re-presented in these 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 and other tax prepaid, restricted cash, cash and cash equivalents, consideration receivables and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude income tax and other tax payable, bank and other borrowings, deferred tax liabilities, written put option liability, consideration and deposit received for partial disposal of subsidiaries, certain lease liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6 OPERATING SEGMENT INFORMATION *(continued)*

	For the year ended 31 December 2022					
	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	225,713	397,495	6,177	9,332	21,079,654	21,718,371
Fair value changes in financial instruments	(32,675)	(867,691)	(17,666)	–	982	(917,050)
Segment results	(195,906)	(845,929)	1,013,898	(5,325)	1,229,964	1,196,702
Reconciliation:						
Unallocated bank interest income *(Note 9)*						85,381
Unallocated extension interest income *(Note 9)*						21,373
Unallocated interest income on deferred consideration *(Note 9)*						7,096
Gains on disposal of subsidiaries *(Note 10)*						8,026
Unallocated income and losses						331,685
Corporate and other unallocated expenses						(63,355)
Finance costs *(Note 12)*						(872,179)
Profit before tax from continuing operations						714,729
Segment assets as at 31 December 2022	6,971,381	1,525,309	3,339,118	254,871	32,168,032	44,258,711
Reconciliation:						
Corporate and other unallocated assets						10,971,123
Total assets as at 31 December 2022						55,229,834
Segment liabilities as at 31 December 2022	1,356,548	88,622	170,512	2,165	15,308,104	16,925,951
Reconciliation:						
Corporate and other unallocated liabilities						20,183,635
Total liabilities as at 31 December 2022						37,109,586

6 OPERATING SEGMENT INFORMATION *(continued)*

	For the year ended 31 December 2022						
	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare, education and others RMB'000	New energy RMB'000	Unallocated RMB'000	Total RMB'000
Other segment information:							
Share of profit of joint ventures *(Note 23)*	4,598	–	7,317	–	–	–	11,915
Share of loss of associates *(Note 24)*	(321)	(159)	–	(2,984)	(83,849)	–	(87,313)
Impairment losses on property, plant and equipment *(Note 10)*	–	–	–	–	18,331	–	18,331
Net reversal of/(provision for) impairment losses of financial assets and financial guarantee contracts *(Note 3(iv))*	98,534	–	1,099,336	–	(212,812)	5,780	990,838
Depreciation and amortisation *(Note 11)*	905	75,092	412	267	519,641	10,982	607,299
Investments in joint ventures *(Note 23)*	169,595	–	121,161	–	–	–	290,756
Investments in associates *(Note 24)*	179	19,906	–	139,222	220,023	–	379,330
Capital expenditure*	154	17,744	10	3,880	3,056,162	5,001	3,082,951

6 OPERATING SEGMENT INFORMATION *(continued)*

	For the year ended 31 December 2021 (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	312,719	245,425	12,024	4,848	20,210,526	20,785,542
Fair value changes in financial instruments	–	(1,878,767)	67,583	–	(1,390)	(1,812,574)
Segment results	(1,420,338)	(1,772,958)	(99,836)	(52,972)	1,622,201	(1,723,903)
Reconciliation:						
Unallocated bank interest income *(Note 9)*						69,291
Unallocated extension interest income *(Note 9)*						94,118
Gains on disposal of subsidiaries *(Note 10)*						217,989
Loss on disposal of a joint venture *(Note 10)*						(16,984)
Unallocated income and losses						(235,261)
Corporate and other unallocated expenses						(48,233)
Finance costs *(Note 12)*						(452,375)
Loss before tax from continuing operations						(2,095,358)
Segment assets as at 31 December 2021	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 as at 31 December 2021						45,600,302
Segment liabilities as at 31 December 2021	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 as at 31 December 2021						27,604,447

6 OPERATING SEGMENT INFORMATION *(continued)*

	For the year ended 31 December 2021 (Restated)						
	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare, education and others RMB'000	New energy RMB'000	Unallocated RMB'000	Total RMB'000
Other segment information:							
Share of profit of joint ventures *(Note 23)*	15,418	–	–	–	(22,244)	–	(6,826)
Share of loss and impairment losses of associates *(Note 24)*	(1,332,374)	(1)	–	(46,569)	(8,209)	–	(1,387,153)
Impairment losses on property, plant and equipment *(Note 10)*	–	–	–	–	82,232	–	82,232
Net reversal of/(provision for) impairment losses of financial assets and financial guarantee contracts *(Note 3(iv))*	–	5,463	(130,017)	–	42,823	(4,147)	(85,878)
Depreciation and amortisation *(Note 11)*	49,593	21,609	1,506	5,879	522,946	7,441	608,974
Investments in joint ventures *(Note 23)*	281,468	–	–	–	–	–	281,468
Investments in associates *(Note 24)*	500	20,065	–	80,906	223,783	–	325,254
Capital expenditure*	38,210	8,784	–	–	1,245,771	14	1,292,779

* Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, investment properties and other intangible assets including assets from acquisition of subsidiaries.

(i) Revenue from external customers by locations of customers

	2022 RMB'000	2021 RMB'000 (Restated)
The PRC	**19,604,689**	17,737,507
United States of America	**1,158,478**	1,722,418
Europe	**112,253**	120,176
Australia	**314,199**	181,904
Other countries	**528,752**	1,023,537
	21,718,371	20,785,542

(ii) Non-current assets by locations of assets

	2022 RMB'000	2021 RMB'000
The PRC	**16,049,150**	13,731,587
Australia	**352,929**	1,043,284
United States of America	**158,367**	131,446
Other countries	**159,194**	141,209
	16,719,640	15,047,526

The non-current assets information above is based on the locations of the assets and excludes financial instruments, loans receivables, other receivables, other financial assets at amortised cost, consideration receivables, deferred tax assets and investments in joint ventures and associates.

6 OPERATING SEGMENT INFORMATION *(continued)*

(iii) Information about major customers

Revenue from customers which individually amounted to over 10% of the total sales of the Group is as follows:

	2022 RMB'000	2021 RMB'000
Customer A*	2,598,435	2,739,526
Customer B*	N/A#	2,207,333

* It represented revenue from sale of mechanical transmission equipment in the new energy segment.

The revenue from this customer for the year ended 31 December 2022 did not contribute over 10% of the total sales of the Group.

7 REVENUE

(i) Revenue from contracts

An analysis of revenue from continuing operations is as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Revenue from contracts with customers		
Properties segment:		
– Property development and sales	1,451	62,771
– Construction services	2,017	5,349
	3,468	68,120
Tourism segment:		
– Hotel operations	390,006	230,968
– Sales of tourist goods and services	7,489	14,457
	397,495	245,425
New energy segment:		
– Sales of gear products	15,733,627	14,446,895
– Trading of goods	5,346,027	5,763,631
	21,079,654	20,210,526
Investment and financial services segment:		
– Investment and financial consulting services	6,177	12,024
Healthcare, education and others segment:		
– Education services	9,307	4,848
– Healthcare products and other services	25	–
	9,332	4,848
	21,496,126	20,540,943
Revenue from other sources		
Properties segment:		
– Gross rental income	222,245	244,599
	21,718,371	20,785,542

7 REVENUE *(continued)*

(i) Revenue from contracts *(continued)*

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

	2022 RMB'000	2021 RMB'000 (Restated)
Timing of revenue recognition:		
– Recognised at a point in time	**21,088,619**	20,287,754
– Recognised over time	**629,752**	497,788
	21,718,371	20,785,542

(ii) Liabilities related to contracts with customers

It represents deposits received in advance for made-to-order manufacturing arrangement on acceptance of manufacturing orders, sales proceeds received form customers in connection with the Group's pre-sales of properties and deposits received for other businesses when the contracts signed. The sum of deposits received are based on negotiation on a case-by-case basis with customers. The significant increase in contract liabilities in current year was mainly due to the increase in ongoing wind gear transmission equipment orders at the end of the reporting period.

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

	2022 RMB'000	2021 RMB'000
Contract liabilities related to:		
– Property development and sales	**30,183**	21,310
– Manufacture and sale of mechanical transmission equipment products	**1,508,801**	824,532
– Others	**16,593**	26,947
	1,555,577	872,789

The carrying amount of contract liabilities of approximately RMB113,302,000 (2021: RMB163,258,000) as at 31 December 2022 is expected not to be realised within the next twelve months from the end of the reporting period.

Revenue recognised in relation to brought-forward contract liabilities

The following table shows the revenue recognised in the current reporting period that relates to brought-forward contract liabilities:

	2022 RMB'000	2021 RMB'000
Revenue recognised that was included in the contract liabilities at the beginning of the year		
– Property development and sales	**16,450**	13,282
– Manufacture and sale of mechanical transmission equipment products	**712,079**	2,047,878
– Others	**22,026**	10,571
	750,555	2,071,731

8 NET FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

	2022 RMB'000	2021 RMB'000
From continuing operations:		
Fair value (losses)/gains in financial assets at FVPL	**(15,888)**	29,609
Fair value losses in derivative financial instruments *(Note)*	**(901,162)**	(1,842,183)
	(917,050)	(1,812,574)

Note:

The fair value changes from derivative financial instruments for the years ended 31 December 2022 and 2021 were mainly derived from the fair value change of a Revised Forward Purchase Agreement to acquire certain equity interests. Details of the transaction are set out in Note 50.

9 OTHER INCOME

	Note	2022 RMB'000	2021 RMB'000 (Restated)
From continuing operations:			
Bank interest income	(i)	**85,381**	69,291
Extension interest income	(v)	**21,373**	94,118
Interest on deferred consideration	(vi)	**7,096**	–
Other interest income	(ii)	**103,580**	39,608
Dividend income		**19,005**	25,207
Management fees income	(iii)	**34,793**	46,137
Government grants	(iv)	**67,334**	70,311
Sales of scraps and materials		**63,713**	63,302
Others		**28,110**	20,441
		430,385	428,415

Note:

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

(iv) Government grants represent 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 represents 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 year. Details of the disposal are set out in Note 48(a).

(vi) The amount represents interest income on Deferred Consideration (as defined in Note 49) for disposal of 72.71% equity interest in Sparrow Early Learning Pty Limited ("Sparrow"). Details of the disposal are set out in Note 49.

10 OTHER GAINS/(LOSSES) – NET

	Note	2022 RMB'000	2021 RMB'000
From continuing operations:			
Gains on disposal of subsidiaries	47, 50	**8,026**	217,989
Fair value (losses)/gains of investment properties	19	**(1,540)**	38,768
Gains on disposal of property, plant and equipment		**1,123**	5,196
Loss on disposal of a joint venture	23	**–**	(16,984)
Gain on remeasurement of contingent consideration		**–**	147
Loss on swap contracts		**(34,805)**	(32,096)
Impairment losses on property, plant and equipment	18	**(18,331)**	(82,232)
Waiver of interest on loans receivables	(i)	**(73,711)**	–
Impairment losses on prepayments	32	**(41,896)**	(7,710)
Foreign exchange gains/(losses) – net		**200,387**	(178,680)
Others		**(3,073)**	(5,880)
		36,180	(61,482)

Note:

(i) It represented waiver of certain overdue loan interests as an inducement for the loan principal repayments from the borrowers.

11 EXPENSES BY NATURE

	Note	2022 RMB'000	2021 RMB'000 (Restated)
From continuing operations:			
Employee benefit expenses:			
Directors' remuneration	13		
– Fees		**2,015**	1,794
– Salaries, allowances and benefits in kind		**2,179**	1,718
– Discretionary bonuses		**502**	320
– Pension scheme contributions		**291**	184
		4,987	4,016
Other staff costs			
– Salaries and other benefits		**1,745,078**	1,611,171
– Pension scheme contributions		**139,069**	125,344
		1,884,147	1,736,515
		1,889,134	1,740,531
Other items:			
Cost of inventories sold		**16,232,978**	15,513,092
Depreciation of property, plant and equipment	18	**504,053**	505,261
Cost of properties sold		**1,350**	82,006
Advertising expenses		**73,874**	71,266
Office expenses		**134,886**	145,962
Amortisation of other intangible assets	22	**69,912**	70,996
Depreciation of right-of-use assets	20(a)	**33,334**	32,717
Write-down of inventories	30	**217,632**	165,091
Write-down of properties under development	33	**218,357**	–
Write-down of property held for sale	34	**2,909**	2,554
Expenses relating to short-term leases	20(b)	**37,323**	9,836
Expenses relating to leases of low-value assets	20(b)	**2,411**	1,437
Auditors' remuneration			
– Audit services		**7,367**	7,054
– Non-audit services		**4,970**	7,458
Sundry taxes		**43,336**	62,729
Others *(Note (a))*		**1,122,592**	1,085,037
Total expenses		**20,596,418**	19,503,027
Represented by:			
– Cost of revenue		**18,404,027**	17,490,747
– Selling and distribution expenses		**559,709**	512,769
– Administrative expenses		**887,866**	831,729
– Research and development costs		**744,816**	667,782
		20,596,418	19,503,027

Note:

(a) The "Other expenses" items were mainly indirect production expenses, other consulting fees, technical service fees and public welfare expenses.

12 FINANCE COSTS

	Note	2022 RMB'000	2021 RMB'000 (Restated)
From continuing operations:			
Interest on bank and other borrowings		672,678	506,412
Less: Interest capitalised at a rate of 4.35% (2021: 9%) per annum		(15,888)	(55,771)
		656,790	450,641
Interest on lease liabilities	20(b)	1,214	1,734
Unwinding of discount on written put option liability	48(a)(ii)	214,175	–
		872,179	452,375

13 DIRECTORS' REMUNERATION

(i) Directors' emoluments

	Note	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses* RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2022						
Executive directors:						
Mr. Ji Changqun ("Mr. Ji")	(iv)	309	–	–	–	309
Ms. Du Wei		309	1,253	–	101	1,663
Mr. Shen Chen		309	482	320	101	1,212
Mr. Ge Jinzhu	(i)	161	444	182	89	876
Independent non-executive directors:						
Mr. Lau Chi Keung		309	–	–	–	309
Mr. Huang Shun	(ii)	309	–	–	–	309
Mr. Tsang Sai Chung		309	–	–	–	309
		2,015	2,179	502	291	4,987

13 DIRECTORS' REMUNERATION *(continued)*

(i) Directors' emoluments *(continued)*

	Note	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses* RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2021						
Executive directors:						
Mr. Ji	(iv)	299	–	–	–	299
Ms. Du Wei		299	1,238	–	92	1,629
Mr. Shen Chen		299	480	320	92	1,191
Independent non-executive directors:						
Mr. Lau Chi Keung		299	–	–	–	299
Mr. Huang Shun	(ii)	–	–	–	–	–
Mr. Chow Siu Lui	(iii)	299	–	–	–	299
Mr. Tsang Sai Chung		299	–	–	–	299
		1,794	1,718	320	184	4,016

Note:

(i) Mr. Ge Jinzhu was appointed as an executive director of the Company on 24 June 2022. His remuneration for the year ended 31 December 2022 was RMB876,000.

(ii) Mr. Huang Shun was appointed as an independent non-executive director of the Company on 30 December 2021. His remuneration for the year ended 31 December 2022 was RMB309,000 (2021: Nil).

(iii) Mr. Chow Siu Lui resigned as an independent non-executive director of the Company on 30 December 2021. His remuneration for the year ended 31 December 2021 was RMB299,000.

(iv) Mr. Ji is the chief executive and executive director of the Company.

* *The bonus was determined with reference to performance of individuals for the year and market trends.*

There was no arrangement under which a director or a chief executive waived or agreed to waive any remuneration in both years.

(ii) Directors' retirement benefits and termination benefits

No director received or will receive any retirement benefits or termination benefits during the year (2021: Nil).

13 DIRECTORS' REMUNERATION *(continued)*

(iii) Consideration provided to third parties for making available of the directors' services

During the year ended 31 December 2022, the Company did not pay consideration to any third parties for making available of the directors' services (2021: Nil).

(iv) Information about loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with the directors

There is no loan, quasi-loan or other dealing arrangement in favour of the directors, controlled bodies corporate by and controlled entities with the directors (2021: Nil).

(v) Information about directors' interests in share options scheme

During the year ended 31 December 2018, the Group has adopted a share option scheme pursuant to which 3,348,200 share options were granted to Ms. Du Wei. No share option was exercised by Ms. Du Wei (2021: Nil) and 704,805 share options, adjusted as a result of placements and subscription of new shares ("Adjusted Share Options") (2021: 669,640 share options) were cancelled during the year ended 31 December 2022. As at 31 December 2022, 704,804 Adjusted Share Options (2021: 1,339,280 share options) held by Ms. Du Wei were outstanding. Further details of share options scheme are set out in Note 42.

14 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included no director (2021: Nil). Details of the remuneration for the year of the five (2021: five) highest paid employees who are neither a director nor a chief executive of the Company are as follows:

	2022 RMB'000	2021 RMB'000
Salaries, allowances and benefits in kind	15,991	16,491
Discretionary bonuses	2,389	1,200
Pension scheme contributions	174	261
	18,554	17,952

The bonus payments are discretionary and based on the performance of the individuals for the year and market trends.

The number of highest paid employees (excluding directors or chief executive) whose remuneration fell within the following bands is as follows:

	Number of employees 2022	2021
HK$3,000,001 to HK$3,500,000	1	1
HK$3,500,001 to HK$4,000,000	1	2
HK$4,000,001 to HK$4,500,000	2	1
HK$6,000,001 to HK$6,500,000	1	–
HK$6,500,001 to HK$7,000,000	–	1
	5	5

During the years ended 31 December 2022 and 2021, no emolument was paid by the Group to the directors, chief executive or the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

Notes to the Consolidated Financial Statements

15 INCOME TAX

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

	2022 RMB'000	2021 RMB'000 (Restated)
From continuing operations:		
Current tax – charge for the year		
– The PRC	**643,369**	308,535
– Hong Kong	**77**	16,609
– Australia	**477**	–
– Others	**782**	1,077
(Over)/under provision in respect of prior years	**(3,055)**	1,673
Deferred tax	**(194,044)**	(55,745)
	447,606	272,149

(a) PRC Corporate Income Tax ("CIT")

PRC CIT has been provided at the rate of 25% (2021: 25%) on the taxable profits of the Group's PRC subsidiaries, except those listed below, for the year ended 31 December 2022. The increase in PRC corporate income tax is attributable to an one-off tax of RMB315,140,000 (2021: Nil) arising from the partial disposal of a subsidiary during the year. Refer to Note 48(a) for details.

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

Name of company	Year end during which approval was obtained
Nanjing High Speed	31 December 2020
Nanjing High Speed & Accurate Gear (Group) Co., Ltd.	31 December 2020
Nanjing High Accurate Rail Transportation Equipment Co., Ltd.	31 December 2020
NGC (Baotou) Transmission Equipment Co., Ltd.	31 December 2021
Jiangsu Green Lighting Engineering Co., Ltd.	31 December 2021

15 INCOME TAX *(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 the PRC are subject to income tax rates of 8.25% to 30% (2021: 8.25% to 30%) prevailing in the places in which these enterprises operated for the year ended 31 December 2022.

A reconciliation between income tax expenses and accounting profit/(loss) at applicable tax rates is as follows:

	2022 **RMB'000**	2021 RMB'000 (Restated)
Profit/(loss) before tax from continuing operations:	**714,729**	(2,095,358)
Tax calculated at the statutory tax rate of 25%	**178,682**	(523,839)
Effect of different tax rates of subsidiaries operating in other jurisdictions and lower tax rate for specific provinces or enacted by local authorities	**(254,473)**	44,600
Effect of share of results of associates and joint ventures	**18,417**	345,131
Income not subject to tax	**(113,701)**	(171,455)
Expenses not deductible for tax	**229,105**	494,476
Utilisation of recognised tax losses from prior years	**(75,238)**	(100,996)
Unused tax losses not recognised	**208,964**	249,290
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**–**	(63,788)
Temporary differences not recognised	**4,952**	53,021
Provision for LAT	**254**	2,184
Tax effect for LAT	**(43)**	(221)
Additional deductible allowances for research and development expenses recognised in profit or loss in current year	**(55,027)**	(68,150)
Post-acquisition profit of a partially disposed subsidiary	**315,140**	–
(Over)/under provision in respect of prior years	**(3,055)**	1,673
Others	**(6,371)**	10,223
Income tax expenses	**447,606**	272,149

16 DIVIDENDS

The board has resolved not to declare a final dividend for the years ended 31 December 2022 and 2021.

17 (LOSS)/EARNINGS PER SHARE

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

	2022 RMB'000	2021 RMB'000 (Restated)
Loss from continuing operations attributable to equity shareholders of the Company	(302,480)	(2,716,052)
Profit from discontinued operation attributable to equity shareholders of the Company	141,499	30,708
Net loss attributable to equity shareholders of the Company	(160,981)	(2,685,344)
Weighted average number of ordinary shares in issue	22,610,653,427	19,687,870,331
Basic and diluted (loss)/earnings per share (RMB per share)		
– From continuing operations attributable to equity shareholders of the Company	RMB(0.013)	RMB(0.138)
– From discontinued operation attributable to equity shareholders of the Company	RMB0.006	RMB0.002
	(RMB0.007)	RMB(0.136)

There were no potential dilutive ordinary shares outstanding due to outstanding share options for both the years ended 31 December 2022 and 2021. For the year ended 31 December 2021, the weighted average number of ordinary shares in issue was adjusted by 17,521,400 shares which are held for the Group's share award scheme, whilst for the year ended 31 December 2022, in addition to the adjustment of 17,521,400 shares held for the Group's share award scheme, the weighted average number of ordinary shares in issue was also adjusted by 6,826,805,000 new shares allotted upon the completion of share placements on 9 June 2022 and 24 August 2022 and the completion of the share subscription on 16 September 2022.

18 PROPERTY, PLANT AND EQUIPMENT

	Hotel properties RMB'000	Freehold lands and leasehold buildings RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2021							
Cost	355,692	2,462,827	5,736,940	264,125	404,123	1,532,478	10,756,185
Accumulated depreciation and impairments	(67,664)	(735,949)	(3,902,140)	(189,340)	(248,872)	(76,336)	(5,220,301)
Net carrying amount	288,028	1,726,878	1,834,800	74,785	155,251	1,456,142	5,535,884
For the year ended 31 December 2021							
Opening net carrying amount	288,028	1,726,878	1,834,800	74,785	155,251	1,456,142	5,535,884
Additions	31,510	14,293	571,852	25,239	50,798	578,690	1,272,382
Transferred from properties held for sale *(Note 34)*	–	–	–	–	–	210,223	210,223
Transferred from construction in progress	972,839	–	–	–	–	(972,839)	–
Depreciation from continuing operations for the year *(Note 11)*	(55,033)	(72,843)	(321,423)	(22,062)	(33,900)	–	(505,261)
Depreciation from discontinued operation	–	–	(4,553)	(492)	(2,533)	–	(7,578)
Disposal of subsidiaries	–	–	(19)	(27)	(46)	(379)	(471)
Disposals	–	(2,059)	(23,254)	(1,194)	(2,490)	–	(28,997)
Exchange differences	(23,539)	(7,653)	(3,116)	1,088	(2,217)	(1,083)	(36,520)
Provision for impairments *(Note 10)*	–	–	(74,008)	(44)	–	(8,180)	(82,232)
Closing net carrying amount	1,213,805	1,658,616	1,980,279	77,293	164,863	1,262,574	6,357,430
At 31 December 2021							
Cost	1,330,564	2,452,560	6,162,551	277,665	442,752	1,347,091	12,013,183
Accumulated depreciation and impairments	(116,759)	(793,944)	(4,182,272)	(200,372)	(277,889)	(84,517)	(5,655,753)
Net carrying amount	1,213,805	1,658,616	1,980,279	77,293	164,863	1,262,574	6,357,430

18 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Hotel properties RMB'000	Freehold lands and leasehold buildings RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2022							
Cost	1,330,564	2,452,560	6,162,551	277,665	442,752	1,347,091	12,013,183
Accumulated depreciation and impairments	(116,759)	(793,944)	(4,182,272)	(200,372)	(277,889)	(84,517)	(5,655,753)
Net carrying amount	1,213,805	1,658,616	1,980,279	77,293	164,863	1,262,574	6,357,430
For the year ended 31 December 2022							
Opening net carrying amount	1,213,805	1,658,616	1,980,279	77,293	164,863	1,262,574	6,357,430
Additions	6,384	798	36,545	26,627	4,645	2,942,547	3,017,546
Acquisition of a subsidiary *(Note 46)*	–	39,611	–	–	–	–	39,611
Transferred from construction in progress	178,461	917,341	605,599	24,116	124,492	(1,850,009)	–
Depreciation from continuing operations for the year *(Note 11)*	(60,762)	(78,919)	(301,110)	(24,449)	(38,813)	–	(504,053)
Depreciation from discontinued operation	–	–	(550)	(354)	(1,383)	–	(2,287)
Disposal of discontinued operation *(Note 49)*	–	–	(8,271)	(1,127)	(39,502)	–	(48,900)
Disposals	–	(864)	(2,470)	(3,901)	(9,325)	(40,114)	(56,674)
Exchange differences	4,705	9,270	5,980	(1,341)	1,103	218	19,935
Provision for impairments *(Note 10)*	–	–	(27,044)	–	–	8,713	(18,331)
Closing net carrying amount	1,342,593	2,545,853	2,288,958	96,864	206,080	2,323,929	8,804,277
At 31 December 2022							
Cost	1,520,010	3,412,605	6,734,831	310,488	504,698	2,399,723	14,882,355
Accumulated depreciation and impairments	(177,417)	(866,752)	(4,445,873)	(213,624)	(298,618)	(75,794)	(6,078,078)
Net carrying amount	1,342,593	2,545,853	2,288,958	96,864	206,080	2,323,929	8,804,277

Depreciation of property, plant and equipment from continuing operations has been charged to profit or loss as follows:

	2022 RMB'000	2021 RMB'000 (Restated)
Cost of revenue	**413,435**	388,752
Selling and distribution expenses	**21,322**	23,454
Administrative expenses	**53,570**	75,304
Research and development costs	**15,726**	17,751
	504,053	505,261

The Group was in the process of obtaining property certificates for buildings with carrying amount of RMB499,517,000 (2021: RMB519,841,000) at the end of the reporting period.

The freehold lands are located in the United States of America and Australia.

As at 31 December 2022, property, plant and equipment with carrying amount of RMB1,661,522,000 (2021: RMB2,113,881,000) were pledged as collateral for the Group's borrowings (Note 53).

Impairment losses of RMB18,331,000 (2021: RMB82,232,000) were recognised for certain property, plant and equipment in new energy CGU as their technical and economic performance were lower than expected. The recoverable amounts of these property, plant and equipment are estimated individually based on replacement cost basis. Impairment losses were included in "Other gains/(losses) – net" in the consolidated statement of profit or loss.

19 INVESTMENT PROPERTIES

	Note	2022 RMB'000	2021 RMB'000
Carrying amount at 1 January		**5,050,852**	4,958,399
Transferred from properties held for sale		**–**	53,685
Fair value (losses)/gains recognised in profit or loss	10	**(1,540)**	38,768
Disposals		**(2,040)**	–
Carrying amount at 31 December		**5,047,272**	5,050,852

Rental income and operating expenses arising from leasing of investment properties are as follows:

	2022 RMB'000	2021 RMB'000
Rental income received	**222,245**	244,599
Direct operating expenses from investment properties that generated rental income	**(34,318)**	(65,717)

The Group's investment properties consist of three shopping malls, five commercial properties, offices and parking lots (2021: three shopping malls, five commercial properties, offices and parking lots) in the PRC. The Group's investment properties were revalued on 31 December 2022 based on valuations performed by an independent professional qualified valuer not connected to the Group. The valuations were either based on discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing leases and other contracts and (when possible) by external evidences such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows ("Discounted cash flow method"), or made with reference to comparable market transactions, adjusted for differences in the timing, location and tenure of the transactions ("Market approach"), whichever is appropriate.

The investment properties are leased to independent third parties under operating leases, details of which are included in Note 52(i) to the consolidated financial statements.

As at 31 December 2022, the Group's investment properties with carrying amount of RMB4,803,265,000 (2021: RMB4,820,921,000) were mortgaged as collateral for the Group's borrowings (Note 53) and third party's borrowings (Note 51(ii)).

Notes to the Consolidated Financial Statements

19 INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy

In estimating the fair value of properties, the highest and best use of the properties is the current use. The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	31 December 2022			
Recurring fair value measurement for:	**Quoted prices in active markets (Level 1) RMB'000**	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
– Shopping malls	**–**	**–**	**4,399,816**	**4,399,816**
– Commercial properties	**–**	**–**	**173,310**	**173,310**
– Offices	**–**	**–**	**474,146**	**474,146**
	–	**–**	**5,047,272**	**5,047,272**

	31 December 2021			
Recurring fair value measurement for:	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
– Shopping malls	–	–	4,406,580	4,406,580
– Commercial properties	–	–	166,740	166,740
– Offices	–	–	477,532	477,532
	–	–	5,050,852	5,050,852

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2021: Nil).

19 INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Name of the investment properties	Valuation techniques	Significant unobservable inputs	Range or weighted average 2022	2021
Yuhua Salon (雨花客廳) – A1 (certain units)	Combination of Market approach and Discounted cash flow method	Price per sq.m.	**RMB12,200 to RMB19,300**	RMB11,896 to RMB21,088
		Discount rate	**8%**	7%
– Epark C1	Market approach	Price per sq.m.	**RMB19,047**	RMB19,347
– Epark Shopping Mall	Combination of Market approach and Discounted cash flow method	Price per sq.m.	**RMB19,600**	RMB19,700
		Discount rate	**8%**	7%
Wonder City (虹悅城)	Combination of Market approach and Discounted cash flow method	Price per sq.m.	**RMB11,900 to RMB35,700**	RMB11,800 to RMB35,400
		Discount rate	**8%**	7%
Nantong Youshan Meidi Garden Project/Huitong Building/Zhejiang Youshan Meidi Garden Project (南通優山美地花園項目／匯通大廈項目／鎮江優山美地花園項目)	Market approach	Price per sq.m.	**RMB3,200 to RMB10,400**	RMB2,900 to RMB10,000
WanGuo (萬國物業)	Market approach	Price per sq.m.	**RMB4,100**	RMB3,900 to RMB7,800
Happy Plaza (歡樂廣場)	Market approach	Price per sq.m.	**RMB4,500 to RMB24,400**	RMB4,700 to RMB25,100

For the years ended 31 December 2022 and 2021, the fair value measurement is positively correlated to the price per sq.m. and negatively correlated to the discount rates.

Notes to the Consolidated Financial Statements

20(a) RIGHT-OF-USE ASSETS

	Leasehold buildings RMB'000	Leasehold lands RMB'000	Total RMB'000
At 1 January 2021			
Cost	421,958	1,192,662	1,614,620
Accumulated depreciation	(73,776)	(143,588)	(217,364)
Net carrying amount	348,182	1,049,074	1,397,256
For the year ended 31 December 2021			
Opening net carrying amount	348,182	1,049,074	1,397,256
Additions	14,087	41,951	56,038
Depreciation from continuing operations for the year *(Note 11)*	(5,341)	(27,376)	(32,717)
Depreciation from discontinued operation	(41,489)	–	(41,489)
Exchange differences	(25,555)	(1,025)	(26,580)
Closing net carrying amount	289,884	1,062,624	1,352,508
At 31 December 2021 and 1 January 2022			
Cost	382,041	1,291,345	1,673,386
Accumulated depreciation	(92,157)	(228,721)	(320,878)
Net carrying amount	289,884	1,062,624	1,352,508
For the year ended 31 December 2022			
Opening net carrying amount	**289,884**	**1,062,624**	**1,352,508**
Additions	**–**	**25,794**	**25,794**
Lease modification	**(3,968)**	**–**	**(3,968)**
Disposal of discontinued operation *(Note 49)*	**(279,054)**	**–**	**(279,054)**
Depreciation from continuing operations for the year *(Note 11)*	**(4,391)**	**(28,943)**	**(33,334)**
Depreciation from discontinued operation	**(9,813)**	**–**	**(9,813)**
Exchange differences	**16,785**	**360**	**17,145**
Closing net carrying amount	**9,443**	**1,059,835**	**1,069,278**
At 31 December 2022			
Cost	**28,076**	**1,313,157**	**1,341,233**
Accumulated depreciation	**(18,633)**	**(253,322)**	**(271,955)**
Net carrying amount	**9,443**	**1,059,835**	**1,069,278**

20(a) RIGHT-OF-USE ASSETS *(continued)*

The land use rights are located in the PRC and Germany. As at 31 December 2022, the Group is in the process of obtaining certain land use rights certificates with carrying amounts of RMB134,798,000 (2021: RMB138,079,000).

As at 31 December 2022, right-of-use assets with carrying amount of RMB269,570,000 (2021: RMB358,195,000) were secured as collateral for the Group's borrowings (Note 53).

The depreciation of right-of-use assets from continuing operations has been charged to profit or loss as follows:

	2022 **RMB'000**	2021 RMB'000 (Restated)
Cost of revenue	**5,622**	–
Administrative expenses	**27,712**	32,717
	33,334	32,717

20(b) LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to the leases:

	2022 **RMB'000**	2021 RMB'000
Right-of-use assets		
Leasehold buildings	**9,443**	289,884
Leasehold lands	**1,059,835**	1,062,624
	1,069,278	1,352,508
Lease liabilities		
Current	**7,365**	46,805
Non-current	**14,890**	307,953
	22,255	354,758

20(b) LEASES *(continued)*

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Note	2022 RMB'000	2021 RMB'000 (Restated)
Depreciation charges of right-of-use assets			
Leasehold buildings		4,391	5,341
Leasehold lands		28,943	27,376
		33,334	32,717
Interest expense (included in finance costs)	12	1,214	1,734
Expenses relating to short-term leases (included in cost of revenue, selling and distribution expenses and administrative expenses)	11	37,323	9,836
Expenses relating to leases of low-value assets that are not included in short-term leases (included in cost of revenue, selling and distribution expenses, administrative expenses and research and development costs)	11	2,411	1,437
		74,282	45,724

The total cash outflows for capital element and interest element of lease rental paid during the year ended 31 December 2022 was RMB28,104,000 (2021: RMB66,604,000).

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

The Group leases various leasehold lands and buildings. The lease agreements are typically made for fixed periods of 1 year to 50 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

21 GOODWILL

	RMB'000
Cost at 1 January 2021, net of accumulated impairment	1,913,158
Exchange differences	(32,989)
Net carrying amount at 31 December 2021	1,880,169
At 31 December 2021:	
Cost	2,152,512
Accumulated impairment	(272,343)
Net carrying amount	1,880,169
Cost at 1 January 2022, net of accumulated impairment	**1,880,169**
Disposal of discontinued operation *(Note 49(b))*	**(386,606)**
Exchange differences	**10,254**
Net carrying amount at 31 December 2022	**1,503,817**
At 31 December 2022:	
Cost	**1,623,368**
Accumulated impairment	**(119,551)**
Net carrying amount	**1,503,817**

Note:

(i) Impairment testing of goodwill

After a series of acquisitions, the Group formed certain diversified operations, including manufacturing and selling of mechanical transmission equipment products and trading of goods in the PRC, provision of investment and financial consulting services in Hong Kong, and provision of education services in United Kingdom. The Group monitors the results of these businesses separately for the purpose of making decision about resources allocation and performance. Goodwill acquired through these acquisitions is allocated to the following CGUs for impairment testing:

- New energy CGU;
- Investment and financial consulting services CGU; and
- Education CGUs

(a) New energy CGU

At 31 December 2022, the recoverable amount of the new energy CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 11.82% (2021: 13.10%). The growth rate used to extrapolate the cash flows of the new energy CGU beyond the five-year period is 2% (2021: 2%), which was the same as the long-term average growth rate of the industry.

Based on the assessment, no impairment of goodwill was recognised during the years ended 31 December 2022 and 2021 as the recoverable amount is significantly above the carrying amount of new energy CGU. Management believes that any reasonably possible change in any of these assumptions would not result in impairment losses.

21 GOODWILL *(continued)*

Note :(continued)

(i) Impairment testing of goodwill *(continued)*

(b) Education CGUs

During the year ended 31 December 2022, the Group disposed of the controlling interests of Sparrow (Refer to Note 49 to the consolidated financial statements), and the goodwill related to education CGU in Australia was derecognised accordingly. At 31 December 2021, the recoverable amount of education CGU in Australia has been determined based on its fair value less costs of disposal.

At 31 December 2022 and 2021, the recoverable amount of education CGU in United Kingdom has been determined based on a value-in-use calculation using cash flows projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 9% (2021: 7.8%). The growth rate used to extrapolate the cash flows of education CGU beyond the five-year period is 3% (2021: 3.5%), which was the same as the long-term average growth rate of the industry. Any adverse change in the assumptions used in the calculation of recoverable amount would not result in impairment losses.

(c) Investment and financial consulting services CGU

As at 1 January 2021, 31 December 2021 and 2022, all of the goodwill in relation to the investment and financial consulting services CGU was fully impaired.

(ii) Summary of the allocation of goodwill

As at 31 December 2022, the net carrying amount of goodwill allocated to each of the CGUs is as follows:

	New energy RMB'000	**Education RMB'000**	**Investment and financial consulting services RMB'000**	**Total RMB'000**
Net carrying amount of goodwill	**1,492,488**	**11,329**	**–**	**1,503,817**

As at 31 December 2021, the net carrying amount of goodwill allocated to each of the CGUs is as follows:

	New energy RMB'000	Education RMB'000	Investment and financial consulting services RMB'000	Total RMB'000
Net carrying amount of goodwill	1,492,488	387,681	–	1,880,169

22 OTHER INTANGIBLE ASSETS

	Patents and technologies RMB'000	Deferred development costs RMB'000	Customer relationship RMB'000	Licenses RMB'000	Total RMB'000
At 1 January 2021					
Cost	158,710	650,522	540,000	22,205	1,371,437
Accumulated amortisation	(65,109)	(650,522)	(220,500)	(5,292)	(941,423)
Net carrying amount	93,601	–	319,500	16,913	430,014
For the year ended 31 December 2021					
Opening net carrying amount	93,601	–	319,500	16,913	430,014
Charge for the year *(Note 11)*	(15,649)	–	(54,000)	(1,347)	(70,996)
Closing net carrying amount	77,952	–	265,500	15,566	359,018
At 31 December 2021 and 1 January 2022					
Cost	**158,710**	**650,522**	**540,000**	**22,205**	**1,371,437**
Accumulated amortisation	**(80,758)**	**(650,522)**	**(274,500)**	**(6,639)**	**(1,012,419)**
Net carrying amount	**77,952**	**–**	**265,500**	**15,566**	**359,018**
For the year ended 31 December 2022					
Opening net carrying amount	**77,952**	**–**	**265,500**	**15,566**	**359,018**
Charge for the year *(Note 11)*	**(15,648)**	**–**	**(54,000)**	**(264)**	**(69,912)**
Closing net carrying amount	**62,304**	**–**	**211,500**	**15,302**	**289,106**
At 31 December 2022					
Cost	**158,710**	**650,522**	**540,000**	**22,205**	**1,371,437**
Accumulated amortisation	**(96,406)**	**(650,522)**	**(328,500)**	**(6,903)**	**(1,082,331)**
Net carrying amount	**62,304**	**–**	**211,500**	**15,302**	**289,106**

The amortisation of intangible assets has been charged to profit or loss as follows:

	2022 RMB'000	2021 RMB'000
Selling and distribution expenses	**54,000**	54,000
Administrative expenses	**15,912**	16,996
	69,912	70,996

23 INVESTMENTS IN JOINT VENTURES

	2022 RMB'000	2021 RMB'000
Share of net assets	**290,756**	281,468

	Note	2022 RMB'000	2021 RMB'000
At 1 January		**281,468**	398,865
Return of contribution from an existing joint venture	(i)	**–**	(846)
Disposal of a joint venture	(ii)	**–**	(56,984)
Share of results of joint ventures		**11,915**	(6,826)
Dividends received		**–**	(50,000)
Realisation of unrealised profits from upstream transactions in prior years		**(11,629)**	–
Exchange differences		**9,002**	(2,741)
At 31 December		**290,756**	281,468

Note:

(i) In February 2021, the Group received a return of contribution of US$131,000 (equivalent to RMB846,000) from a joint venture, Fullshare Value Fund I L.P. ("FVF I L.P.").

(ii) During the year ended 31 December 2021, the Group entered into an agreement with an independent third party to dispose of its entire equity interests in Nanjing High Accurate Construction Equipment Co., Ltd. (南京高精工程設備有限公司) ("Nanjing Construction"), for a consideration of RMB40,000,000, and resulted in a loss of RMB16,984,000. The Group's share of loss of Nanjing Construction was RMB22,244,000 for the period from 1 January 2021 to the disposal date.

23 INVESTMENTS IN JOINT VENTURES *(continued)*

(i) Summarised financial information for material joint ventures

Name	Registered capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group		Principal activities	Carrying amount	
			2022	2021		2022	2021
						RMB'000	RMB'000
FVF I L.P.	Registered capital of US$239,827,000	Hong Kong	50.39	50.39	Investment	121,161	104,843
Lianyungang Shunfeng Property Company Limited (連雲港順豐房地產有限公司) ("**Lianyungang Shunfeng**")	Registered capital of RMB378,000,000	The PRC	30.00	30.00	Development and sale of properties, and provision of construction related services	169,595	176,625

	FVF I L.P.		Lianyungang Shunfeng	
	2022	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current assets				
Cash and cash equivalents	**2**	1	**50,582**	76,489
Other current assets	**54,594**	36,671	**538,470**	613,135
Total current assets	**54,596**	36,672	**589,052**	689,624
Total non-current assets	**185,844**	171,382	**295**	357
Total current liabilities	**(13)**	(8)	**(24,029)**	(101,232)
Net assets	**240,427**	208,046	**565,318**	588,749
The Group's effective interest	**50.39%**	50.39%	**30.00%**	30.00%
Carrying amount	**121,161**	104,843	**169,595**	176,625
Revenue	**14,520**	13,873	**117,265**	312,180
Income tax expenses	**–**	–	**(3,393)**	(6,440)
Profit for the year	**14,520**	13,873	**15,326**	28,086
The Group's share of results for the year	**7,317**	6,991	**4,598**	8,427

24 INVESTMENTS IN ASSOCIATES

	2022 RMB'000	2021 RMB'000
Share of net assets	**325,723**	1,569,193
Goodwill on acquisition	**240,690**	306,412
Financial guarantees granted to an associate	**36,271**	36,271
Provision for impairments	**(223,354)**	(1,586,622)
	379,330	325,254

	Note	2022 RMB'000	2021 RMB'000
At 1 January		**325,254**	1,707,076
Additional investments	(i)	**187,239**	15,000
Share of results of associates		**(87,313)**	14,692
Deregistration of an associate	(ii)	**–**	(3,975)
Share of other comprehensive income/(loss) of associates		**2,358**	(1,846)
Provision for impairments included in share of results for the year	(iii)	**–**	(1,401,845)
Capital reduction	49	**(53,693)**	–
Exchange differences		**5,485**	(3,848)
At 31 December		**379,330**	325,254

Note:

(i) During the year ended 31 December 2022, the Group lost control over Sparrow, a former subsidiary of the Group, and accounted for the remaining 24.01% equity interest as investment in an associate of RMB107,150,000. Details of the disposal are set out in Note 49.

During the year ended 31 December 2022, the Group acquired 33.69% equity interest in Hainan Kaibang Real Estate Development Co., Ltd. (海南凱邦房地產開發有限公司) for a consideration of RMB80,089,000.

During the year ended 31 December 2021, the Group acquired 30% equity interest in Shanghai Xiangyu Digits Technology Limited (上海象禹數字科技有限公司) for a consideration of RMB15,000,000.

(ii) During the year ended 31 December 2021, Zhejiang Greenland Times Investment Management Limited (浙江綠境時代投資管理有限公司) was deregistered and the Group received a return of distribution of RMB3,975,000.

(iii) 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 loss 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 year ended 31 December 2022, the Group obtained access to the books and records of China Evergrande Group Companies and performed the impairment assessment based on the unaudited financial information thereof and considered that full impairment loss of these investments as at 31 December 2021 and 2022 is appropriate.

24 INVESTMENTS IN ASSOCIATES *(continued)*

(i) Summarised financial information for material associates

Name	Issued shares/ registered capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group 2022	Percentage of ownership interest attributable to the Group 2021	Principal activities	Carrying amount 2022 RMB'000	Carrying amount 2021 RMB'000
Changzhou Jiangheng Real Estate Development Co. Ltd. (常州江恒房地產開發有限 公司) ("**Jiangheng**")	Ordinary shares of RMB1,881,540,000	The PRC	44.00	44.00	Property development	–	–
Yangzhou Hengfu Real Estate Development Co. Ltd. (揚州恒富房地產開發有限公司) ("**Hengfu**")	Ordinary shares of RMB36,364,000	The PRC	45.00	45.00	Property development	–	–
Hin Sang Group (International) Holding Co. Ltd. ("**Hin Sang**")	Ordinary shares of HK$109,180,000	Cayman Islands/ Hong Kong	22.90	22.90	Development and sale of healthcare products	74,069	70,366
Sparrow	Ordinary shares of AUD3,871,919	Australia	24.01	N/A	Education	54,421	N/A
Zhongbang Finance Leasing (Jiangsu) Co., Ltd. (眾邦融資租賃(江蘇)股份有限公司) ("**Zhongbang Finance Leasing**")	Registered capital of RMB500,000,000	The PRC	37.21	37.21	Finance leasing	102,090	102,997
Tianjin Chuanzai Jingtong Financial Leasing Co., Ltd. (天津市傳載精通融資租賃有限公司) ("**Tianjin Chuanzai**")	Registered capital of US$29,800,000	The PRC	46.96	46.96	Finance leasing	–	77,593
Hainan Kaibang Real Estate Development Co., Ltd. (海南凱邦房地產開發有限公司) ("**Hainan Kaibang**")	Registered capital of RMB160,000,000	The PRC	33.69	N/A	Property management	80,025	N/A

Hin Sang is a company listed on SEHK (06893.SEHK). The fair value of the listed investment as at 31 December 2022 amounted to RMB74,069,000 (2021: RMB70,366,000).

24 INVESTMENTS IN ASSOCIATES *(continued)*

(i) Summarised financial information for material associates *(continued)*

	Hengfu		Jiangheng		Zhongbang Finance Leasing		Hin Sang	
	2022*	2021#	**2022***	2021#	**2022**	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current assets								
Cash and cash equivalents	**174**	42,414	**10,583**	275,051	**245**	426	**7,522**	11,232
Other current assets	**610,167**	950,010	**1,281,774**	3,474,024	**10,171**	13,581	**21,015**	21,456
Total current assets	**610,341**	992,424	**1,292,357**	3,749,075	**10,416**	14,007	**28,537**	32,688
Non-current assets	**118,915**	47,904	**153,907**	82,778	**279,112**	276,796	**513,269**	515,667
Current liabilities	**(1,899,230)**	(502,342)	**(2,417,629)**	(1,407,673)	**(15,165)**	(14,004)	**(173,172)**	(146,291)
Non-current liabilities	**(36,909)**	(20,264)	**(79,365)**	(91,987)	**–**	–	**(146,410)**	(168,139)
Net (liabilities)/assets	**(1,206,883)**	517,722	**(1,050,730)**	2,332,193	**274,363**	276,799	**222,224**	233,925
The Group's effective interest	**45.00%**	45.00%	**44.00%**	44.00%	**37.21%**	37.21%	**22.90%**	22.90%
The Group's share of net assets	**–**	232,975	**–**	1,026,165	**102,090**	102,997	**50,885**	53,564
Goodwill on acquisition	**–**	755	**–**	103,373	**–**	–	**195,574**	195,574
Exchange differences	**–**	–	**–**	–	**–**	–	**18,854**	12,472
Carrying amount before impairment	**–**	233,730	**–**	1,129,538	**102,090**	102,997	**265,313**	261,610
Impairment losses for investments in associates	**–**	(233,730)	**–**	(1,129,538)	**–**	–	**(191,244)**	(191,244)
Carrying amount	**–**	–	**–**	–	**102,090**	102,997	**74,069**	70,366
Revenue	**24,307**	–	**1,998**	21,732	**–**	566	**96,497**	77,296
Income tax credit/(expenses)	**–**	120,231	**–**	(95,310)	**(156)**	–	**(1,451)**	(271)
(Loss)/profit for the year	**(1,724,605)**	(130,016)	**(3,382,923)**	202,755	**(2,436)**	(17,501)	**(19,320)**	(34,904)
The Group's share of (loss)/profit for the year	**–**	(58,507)	**–**	89,212	**(907)**	(6,512)	**(4,424)**	(7,992)
Impairment losses recognised for the year	**–**	(233,730)	**–**	(1,129,538)	**–**	–	**–**	(38,577)
The Group's share of results for the year	**–**	(292,237)	**–**	(1,040,326)	**(907)**	(6,512)	**(4,424)**	(46,569)

* The Group has discontinued the recognition of its share of losses of Hengfu and Jiangheng, because the share of losses of the associates exceed the Group's investments in associates and the Group has no obligation to take up further losses.

\# The summarised financial information is extracted from management accounts up to 30 June 2021.

24 INVESTMENTS IN ASSOCIATES *(continued)*

(i) Summarised financial information for material associates *(continued)*

	Tianjin Chuanzai		Sparrow		Hainan Kaibang	
	2022	2021	**2022**	2021	**2022**	2021
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current assets						
Cash and cash equivalents	**7**	7	**58,915**	–	**1**	–
Other current assets	**–**	166,664	**24,302**	–	**158,973**	–
Total current assets	**7**	166,671	**83,217**	–	**158,974**	–
Non-current assets	**–**	–	**675,226**	–	**79,660**	–
Current liabilities	**(1,438)**	(1,438)	**(185,070)**	–	**(1,099)**	–
Non-current liabilities	**–**	–	**(506,679)**	–	**–**	–
Net (liabilities)/assets	**(1,431)**	165,233	**66,694**	–	**237,535**	–
The Group's effective interest	**46.96%**	46.96%	**24,01%**	–	**33.69%**	–
The Group's share of net assets	**–**	77,593	**16,015**	–	**80,025**	–
Goodwill on acquisition	**–**	–	**38,406**	–	**–**	–
Exchange differences	**–**	–	**–**	–	**–**	–
Carrying amount before impairment	**–**	77,593	**54,421**	–	**80,025**	–
Impairment losses for investments in associates	**–**	–	**–**	–	**–**	–
Carrying amount	**–**	77,593	**54,421**	–	**80,025**	–
Revenue	**–**	–	**363,535**	–	**–**	–
Income tax expenses	**–**	–	**(9,025)**	–	**–**	–
(Loss)/profit for the year	**(166,664)**	–	**5,998**	–	**(189)**	–
The Group's share of (loss)/profit for the year	**(77,593)**	–	**1,440**	–	**(64)**	–
Impairment losses recognised for the year	**–**	–	**–**	–	**–**	–
The Group's share of results for the year	**(77,593)**	–	**1,440**	–	**(64)**	–

24 INVESTMENTS IN ASSOCIATES *(continued)*

(ii) Individually immaterial associates

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2022 RMB'000	2021 RMB'000
Share of the results of the associates for the year	(5,765)	(1,509)

	2022 RMB'000	2021 RMB'000
Aggregate carrying value of investments	68,725	74,298
Aggregate amounts of the Group's share of:		
– Loss for the year	(5,765)	(1,509)
– Total comprehensive loss for the year	(5,765)	(1,509)

25 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments as at the end of the reporting period:

	Note	2022 RMB'000	2021 RMB'000
Financial assets			
Restricted cash	35	4,924,505	1,911,407
Cash and cash equivalents	35	4,533,808	3,473,102
Consideration receivables	28(ii)	350,496	–
Loans receivables	28(i)	870,664	1,442,835
Trade receivables	31	7,128,370	4,471,744
Other receivables	28(iii)	1,546,434	1,724,446
Other financial assets at amortised cost	28(iv)	1,110,905	1,077,605
Financial assets at fair value through other comprehensive income	27	5,632,861	6,221,520
Financial assets at fair value through profit or loss	26	1,120,948	1,248,037
		27,218,991	21,570,696
Financial liabilities			
Bank and other borrowings	38	12,920,062	9,294,081
Trade and bills payables	36	10,387,604	7,014,932
Other payables and accruals		1,606,687	2,929,978
Lease liabilities	20(b)	22,255	354,758
Derivative financial instruments	29	32,376	1,825,964
Written put option liability	48(a)(ii)	4,514,175	–
		29,483,159	21,419,713

26 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.

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Derivative financial instruments	(iv)	35,076	38,324
Unlisted equity investments	(v)	387,600	363,800
		422,676	402,124
Current assets			
Listed equity investments	(i)	69,877	16,131
Unlisted equity investments	(v)	455,717	427,564
Trade receivables measured at FVPL	(ii)	121,304	176,407
Structured bank deposits	(iii)	51,374	225,811
		698,272	845,913
		1,120,948	1,248,037

Note:

(i) The balances as at 31 December 2022 and 2021 represented the fair values of equity shares of a portfolio of securities listed in Hong Kong based on the closing prices of these securities quoted on the SEHK as at the year end dates. The directors of the Company consider that the closing prices of these securities are the fair values of these investments.

	2022 RMB'000	2021 RMB'000
Zall Smart Commerce Group Ltd (2098.SEHK)	28,269	–
China Saite Group Company Limited (153.SEHK)	–	16,131
Nanjing Sample Technology Company Limited (1708.SEHK)	41,608	–
	69,877	16,131

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

Note: (continued)

(ii) Trade receivables measured at FVPL

In 2021 and 2022, the Group entered into several agreements with two banks to sell all of its eligible trade receivables under certain customers and all right, title, interest and benefit 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 31 December 2022, such trade receivables that are held solely for selling purpose amounting to RMB121,304,000 (2021: RMB176,407,000) were classified as financial assets at FVPL. For the year ended 31 December 2022, fair value loss of RMB970,000 (2021: RMB1,390,000) was recognised in "Net fair value changes in financial instruments".

(iii) Structured bank deposits

At 31 December 2022, structured bank deposits of RMB51,374,000 (2021: RMB225,811,000) represented financial instruments placed by the Group to one (2021: two) bank(s) in the PRC for a term of less than one year. The contract guarantees principal and proceeds are related to the performance of exchange rate. Structured bank deposits amounted to RMB51,374,000 (2021: RMB225,811,000) were redeemed subsequent to the end of reporting period.

(iv) 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 30 August 2019 ("GSH Disposal Agreement"). Details of transaction are disclosed with the Company's relevant contingent liabilities in Note 51(iii), the Company is entitled to 23% of the distributable proceeds, if any, after the qualifying transactions as specified in the GSH Disposal Agreement ("Qualifying Transactions") are completed. At 31 December 2022, the Qualifying Transactions have not been completed. The separate derivative associated with GSH Disposal Agreement was measured at FVPL amounting to RMB35,076,000 (2021: RMB38,324,000).

(v) 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 31 December 2022, these investments had an aggregate fair value of RMB387,600,000 (2021: RMB363,800,000), and an aggregate fair value gain of RMB23,800,000 (2021: RMB23,800,000) was recognised in profit or loss during the year ended 31 December 2022.

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

27 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 principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial asset.

	Note	2022 RMB'000	2021 RMB'000
Non-current assets			
Listed equity investments	(i)	102,443	89,623
Unlisted equity investments	(ii)	1,994,178	2,799,663
		2,096,621	2,889,286
Current assets			
Debt investments – Bills receivables	(iii)	3,531,660	3,262,355
Unlisted equity investments	(ii)	4,580	69,879
		3,536,240	3,332,234
		5,632,861	6,221,520

Note:

(i) At 31 December 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 (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 RMB16,914,000 (2021: RMB27,453,000), the investment in Class A ordinary shares and Class B ordinary shares of Tuniu Corporation (TOUR.O.NASDAQ) amounting to RMB38,381,000 (2021: RMB22,737,000), the investment in China PengFei Group Limited (中國鵬飛集團有限公司, 3348.SEHK) amounting to RMB17,808,000 (2021: RMB15,678,000) and the investment in Sany Renewable Energy Co., Ltd (三一重能股份有限公司) (688349. SHSE) amounting to RMB29,340,000 (2021: Nil).

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

Note: (continued)

(ii) 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 L.P. (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 were revalued on 31 December 2022 and 2021 based on valuations performed by an independent professional qualified valuer by net asset value approach. As at 31 December 2022, the fair value of Zheshang Fund amounted to RMB1,541,019,000 is classified as non-current asset (2021: RMB1,942,431,000) and a fair value loss of RMB401,411,000 (2021: RMB97,288,000) was recognised in OCI for the year ended 31 December 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) ("Fullshare Dazu") (a wholly-owned subsidiary of the Group) 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 31 December 2022, capital contribution of RMB400,000,000 (2021: RMB800,000,000) was invested by the Group. The investment in Jiangsu Investment was revalued using net asset approach with reference to net asset value of audited financial statements of Jiangsu Investment. As at 31 December 2022, the fair value of the investment in Jiangsu Investment amounted to RMB329,065,000 is classified as non-current asset (2021: RMB743,819,000).

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

(iii) 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. Information about the credit risk is provided in Note 3(iv).

Transfers of financial assets

The following were the Group's bills receivables accepted by banks in the PRC (the "Endorsed Bills") that were endorsed to certain of the Group's suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables that are treated as settled.

Bills receivables endorsed to suppliers with full recourse are as follows:

	2022 **RMB'000**	2021 RMB'000
Carrying amount of transferred assets	**315,500**	218,931
Carrying amount of associated liabilities	**(315,500)**	(218,931)
Net position	**–**	–

(iv) As at 31 December 2022, the Group's bills receivables with carrying amount of RMB1,034,234,000 (2021: RMB1,338,295,000) were mortgaged as collateral for the Group's borrowings (Note 53).

28 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES)

(i) Loans receivables

	Note	2022 RMB'000	2021 RMB'000
Loans to third parties	(i)-(xii)	**1,282,026**	3,055,623
Loan to an associate	(xiii)	**100,682**	–
Less: Loss allowance	3(iv)(b)	**(512,044)**	(1,612,788)
		870,664	1,442,835
Analysed for reporting purposes as:			
– Current portion		**725,606**	1,395,998
– Non-current portion		**145,058**	46,837
		870,664	1,442,835

Note:

(i) The Group entered into an agreement in June 2018, pursuant to which a loan of RMB161,500,000 was lent to an independent third party. During the year ended 31 December 2022, all of the balance was settled. The balance was unsecured and bore an interest at 8.40% per annum and was past due as at 31 December 2021.

(ii) The Group entered into an agreement in June 2016, pursuant to which an entrusted loan of RMB400,000,000 was lent to an independent third party through a financial institution. In November 2022, the Group entered into a supplemental agreement, pursuant to which all of the loan balance will be repaid before 31 December 2023. As at 31 December 2022, the unsettled balance amounted to RMB114,000,000 (2021: RMB399,000,000), of which the balance of Nil (2021: RMB399,000,000) was past due. The balance is unsecured and bears an interest at 8% (2021: 8%) per annum.

(iii) The Group entered into agreements in April and May 2018, pursuant to which loans of RMB1,640,000,000 in aggregate were lent to an independent third party. During the year ended 31 December 2022, all of the balances of RMB904,315,000 were used to set-off against the consideration payable for the Revised Forward Purchase Agreement (Note 50). The balances were secured and bore an interest at 9.80% per annum and were past due as at 31 December 2021.

(iv) The Group entered into an agreement in May 2018, pursuant to which a loan of RMB200,000,000 was lent to an independent third party. During the year ended 31 December 2022, all of the outstanding balance was settled. The unsettled balance of RMB160,000,000 was secured and bore an interest at 12% per annum and was past due as at 31 December 2021.

(v) The Group entered into an agreement in January 2019, pursuant to which a loan of RMB150,000,000 was lent to an independent third party. In July 2019, the loan amount was revised to RMB156,000,000. During the year ended 31 December 2022, all of the outstanding balance was settled. The unsettled balance of RMB86,000,000 was secured and bore an interest at 8% per annum and was past due as at 31 December 2021.

(vi) The Group entered into an agreement in March 2019, pursuant to which a loan of RMB273,000,000 in aggregate was lent to an independent third party. During the year ended 31 December 2022, all of the balance was settled. The balance was secured and bore an interest at 15% per annum and was past due as at 31 December 2021.

28 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) *(continued)*

(i) Loans receivables *(continued)*

Note: (continued)

(vii) The Group entered into an agreement in June 2019, pursuant to which a loan amount up to a maximum of RMB500,000,000 was arranged to an independent third party. In April 2022, the Group entered into a quartet agreement, pursuant to which the balance of RMB131,328,000 was used to set-off part of the refundable deposit received (Note 37 (a)). As at 31 December 2022, the unsettled balance amounted to RMB255,675,000 (2021: RMB387,003,000) was past due. The balance is secured and bears an interest at 15% (2021: 15%) per annum.

(viii) The loan balance of RMB249,500,000 represents the delay of consideration receivable from an independent third party for disposal of Five Seasons Cultural Tourism Development Company Limited (五季文化旅遊發展有限公司) during the year ended 31 December 2018. As at 31 December 2022, the unsettled balance amounted to RMB249,500,000 (2021: RMB249,500,000) was past due. The balance is secured and bears an interest at 6% (2021: 6%) per annum.

(ix) The Group entered into agreements in February 2017, pursuant to which loans of RMB234,622,000 in aggregate were lent to Kunshan Herong Properties Development Limited (昆山和融房地產開發有限公司), a former subsidiary of the Group, which was disposed of in January 2020. As at 31 December 2022, the unsettled balance amounted to RMB4,835,000 (2021: RMB145,835,000) was past due. The balance is unsecured and bears an interest at 10.14% (2021: 10.14%) per annum.

(x) As at 31 December 2021, there was a loan balance of approximately HK$196,524,000 (equivalent to RMB160,332,000) with Rich Unicorn Holdings Limited (富麒控股有限公司), a former subsidiary of the Group, which was disposed of during the year ended 31 December 2021. The balance was secured, bore an interest at 10% per annum and was fully settled during the year ended 31 December 2022.

(xi) During the year ended 31 December 2022, the Group entered into a forging material purchase contract with a supplier and made a deposit payment ("Trading Consideration"). However, the supplier was unable to fulfil the contract obligation. As at 31 December 2022, the outstanding balance of Trading Consideration amounted to RMB180,000,000 was classified as loan receivable, which is unsecured.

(xii) The remaining balance includes the loans to third parties with individual amount less than RMB100,000,000.

(xiii) As at 31 December 2022, there is a loan of approximately AUD21,406,000 (equivalent to RMB100,682,000) with Sparrow, a former subsidiary of the Group, which was disposed of during the year. Details of the disposal are set out in Note 49. The balance is unsecured, bears an interest at 6% per annum and repayable in March 2027.

During the year ended 31 December 2022, in order to facilitate the loans repayments, the management entered into several supplemental agreements with the borrowers, pursuant to which the relevant outstanding interest balances would be waived if the loan balances could be repaid within the specified period. Waiver of interest on loans receivables of RMB73,711,000 was recognised and included in "Other gains/(losses)-net" in the profit or loss during the year as a result of repayments from those borrowers.

28 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) *(continued)*

(ii) Consideration receivable

	Note	2022 RMB'000	2021 RMB'000
Consideration receivable	(i)	**350,507**	–
Less: Loss allowance	3(iv)(b)	**(11)**	–
		350,496	–
Analysed for reporting purposes as:			
– Current portion		**199,989**	–
– Non-current portion		**150,507**	–
		350,496	–

Note:

(i) It represented consideration receivable for disposal of Sparrow and Shanghai Joyu. Details of which are set out in Notes 49 and 50 to the consolidated financial statements.

(iii) Other receivables

	Note	2022 RMB'000	2021 RMB'000
Other receivables			
– Amounts due from third parties	(i)	**2,025,567**	2,228,658
– Amount due from a joint venture		**826**	–
– Amounts due from associates		**54,623**	45,951
Less: Loss allowance	3(iv)(b)	**(534,582)**	(550,163)
		1,546,434	1,724,446
Analysed for reporting purposes as:			
– Current portion		**1,546,434**	1,722,823
– Non-current portion		**–**	1,623
		1,546,434	1,724,446

All of the amounts due from the Group's joint venture and associates are unsecured, interest-free and repayable on credit terms similar to those offered to the other debtors of the Group.

Note:

(i) As at 31 December 2022, other receivables mainly include a deposit for land lease amounting to RMB75,000,000 (2021: RMB75,000,000), other receivables from the former subsidiaries of the bundle transaction of RMB513,755,000 (2021: RMB542,233,000) and earnest money of Nil and RMB61,839,000 (2021: RMB610,000,000 and Nil) paid for the Revised Forward Purchase Agreement (Note 50) and a proposed acquisition respectively.

28 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) *(continued)*

(iv) Other financial assets at amortised cost

	Note	2022 RMB'000	2021 RMB'000
Other financial assets at amortised cost			
– Amounts due from third parties	(i)	**1,111,142**	1,078,641
Less: Loss allowance	3(iv)(b)	**(237)**	(1,036)
		1,110,905	1,077,605
Analysed for reporting purposes as:			
– Current portion		**1,110,905**	–
– Non-current portion		**–**	1,077,605
		1,110,905	1,077,605

Note:

(i) The balances as at 31 December 2022 and 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 due in 2023. The interest and principal are repayable at the maturity date. Subsequent to 31 December 2022, a financial product with carrying value of RMB469,483,000 as at 31 December 2022 was provided by the Group to the court in the PRC as a guarantee in relation to the default in repayment of an earnest deposit received for a proposed acquisition of assets upon the proposed acquisition was cancelled.

29 DERIVATIVE FINANCIAL INSTRUMENTS

	Note	2022 RMB'000	2021 RMB'000
Swap Contract measured at FVPL	(i)	**32,376**	5,643
Revised Forward Purchase Agreement measured at FVPL	50	**–**	1,820,321
		32,376	1,825,964

Note:

(i) On 6 March 2017, the Company and Five Season XX Limited entered into a return swap agreement ("Swap Contract") with Reward Lofy International Limited ("Reward Lofy"), another joint venturer of FVF I L.P., pursuant to which the Company would guarantee Reward Lofy a fixed annualised return rate at 8% of contributions it made during the investment period in return for the sharing of more than proportionate interests in the accumulated available proceeds of the FVF I L.P. by Five Season XX Limited at the termination date of the FVF I L.P.

The Swap Contract was measured at FVPL and classified as current liabilities as at 31 December 2022 and 2021, based on the estimated revised termination date and the termination date of the FVF I L.P. as specified in the agreement on 3 March 2022 respectively. Even though the joint venturers agreed to extend the term of FVF I L.P., the revised termination date has yet been fixed. As at 31 December 2022, management estimated the extended termination date would be on 31 December 2023. As at 31 December 2022, the fair value of the Swap Contract amounted to RMB32,376,000 (2021: RMB5,643,000).

30 INVENTORIES

	2022 RMB'000	2021 RMB'000
Raw materials	979,155	566,029
Work in progress	3,712,196	2,570,242
Finished goods	2,241,519	2,074,091
	6,932,870	5,210,362

During the year ended 31 December 2022, a provision for decline in net realisable value of inventories amounted to RMB217,632,000 (2021: RMB165,091,000) was recognised and included in "Cost of revenue" in profit or loss.

31 TRADE RECEIVABLES

	Note	2022 RMB'000	2021 RMB'000
Trade receivables			
– Amounts due from third parties		7,841,003	5,076,434
– Amounts due from joint ventures		1,953	1,003
Less: Loss allowance	3(iv)(a)	(714,586)	(605,693)
		7,128,370	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:

	2022 RMB'000	2021 RMB'000
Within 90 days	5,933,756	3,430,435
91 to 180 days	419,413	443,734
181 to 365 days	417,462	409,369
Over 365 days	357,739	188,206
	7,128,370	4,471,744

The Group generally allows a credit period of 90 days (2021: 90 days) to its trade customers and 180 days (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.

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

As at 31 December 2022, trade receivables with carrying amount of RMB398,826,000 (2021: RMB398,803,000) were pledged as collateral for the Group's borrowings (Note 53).

32 PREPAYMENTS

	2022 RMB'000	2021 RMB'000
Prepayments for trading purposes		
– Amounts due from third parties	1,982,484	1,470,286
– Amounts due from associates	6,973	6,973
Value-added tax recoverable	9,082	29,470
Deposit paid for acquisition of land lease	5,890	5,890
Prepayments for acquisition of property, plant and equipment	41,659	41,659
Less: Loss allowance	(97,340)	(55,444)
	1,948,748	1,498,834
Analysed for reporting purposes as:		
– Current portion	1,942,858	1,451,285
– Non-current portion	5,890	47,549
	1,948,748	1,498,834

The movements of impairment provision are as follows:

	2022 RMB'000	2021 RMB'000
At 1 January	55,444	47,734
Impairment losses recognised during the year *(Note 10)*	41,896	7,710
At 31 December	97,340	55,444

33 PROPERTIES UNDER DEVELOPMENT

	Note	2022 RMB'000	2021 RMB'000
At 1 January		**811,872**	696,681
Additions		**–**	87,976
Interest capitalised		**–**	55,771
Transferred to properties held for sale		**–**	(28,071)
Write-down for decline in net realisable value	11	**(218,357)**	–
Disposals		**–**	(485)
At 31 December		**593,515**	811,872

	2022 RMB'000	2021 RMB'000
Represented by:		
– Land use rights	**163,642**	163,642
– Construction costs and capitalised expenditure	**429,873**	648,230
	593,515	811,872

According to the accounting policy of the Group, properties under development are classified as current assets as the construction period of the relevant property development projects are expected to be completed in the normal operating cycle.

The carrying amount of properties under development of approximately RMB593,515,000 (2021: RMB811,872,000) as at 31 December 2022 is expected not to be realised within the next twelve months from the end of the reporting period.

During the year ended 31 December 2022, provision for decline in net realisable value of properties under development amounted to RMB218,357,000 (2021: Nil) was recognised and included in "Cost of revenue" in profit or loss.

As at 31 December 2022, properties under development with carrying amount of RMB98,935,000 (2021: RMB323,844,000) were pledged as collateral for the Group's borrowings and facilities (Note 53).

34 PROPERTIES HELD FOR SALE

The Group's properties held for sale are situated on leasehold lands in the PRC. During the year ended 31 December 2022, provision for decline in net realisable value of properties held for sale amounted to RMB2,909,000 (2021: RMB2,554,000) was recognised and included in "Cost of revenue" in profit or loss.

During the year ended 31 December 2022, no property held for sale (2021: RMB210,223,000) were transferred to property, plant equipment (Note 18).

As at 31 December 2022, properties held for sale with carrying amount of RMB49,915,000 (2021: RMB106,443,000) were pledged as collateral for the Group's borrowings and facilities (Note 53).

35 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	2022 RMB'000	2021 RMB'000
Cash and bank balances	**9,458,313**	5,384,509
Less: Restricted cash		
– Pledged bank deposits	**(4,897,224)**	(1,897,477)
– Restricted bank deposits	**(27,281)**	(13,930)
	(4,924,505)	(1,911,407)
Cash and cash equivalents	**4,533,808**	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. Subsequent to 31 December 2022, certain bank accounts with balance of RMB56,413,000 as at the date of these consolidated financial statements is frozen by the court order in the PRC due to the default in repayment of an earnest deposit received for a proposed acquisition of assets upon the proposed acquisition was cancelled.

36 TRADE AND BILLS PAYABLES

	2022 RMB'000	2021 RMB'000
Trade payables		
– Amounts due to third parties	**4,471,334**	3,181,423
– Amount due to an associate	**18**	18
Bills payables	**5,916,252**	3,833,491
	10,387,604	7,014,932

An ageing analysis of the 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:

	2022 RMB'000	2021 RMB'000
Within 90 days	**6,149,987**	4,657,110
91 to 180 days	**2,036,127**	100,914
181 to 365 days	**1,843,449**	1,836,023
Over 365 days	**358,041**	420,885
	10,387,604	7,014,932

Amount due to an associate included in the trade and bills payables are repayable within 90 days (2021: 90 days), which represents credit terms similar to those offered by the associate to their major customers.

Trade payables are normally settled on terms of 90 to 180 days (2021: 90 to 180 days).

37 OTHER PAYABLES AND ACCRUALS

	2022 RMB'000	2021 RMB'000
Accruals	**1,181,546**	998,629
Amounts due to associates	**17,636**	15,000
Refundable deposit received *(Note (a))*	**644,000**	1,000,000
Consideration received for partial disposal of a subsidiary *(Note 48(a))*	**–**	1,000,000
Dividends payable to non-controlling interests	**–**	89,002
Other tax payables	**213,329**	149,113
Other payables	**419,133**	661,428
Payroll and welfare payables	**261,695**	266,674
Liability arising from financial guarantee contracts	**3,417**	6,359
Payables for purchase of property, plant and equipment	**522,501**	158,189
	3,263,257	4,344,394

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

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 entered into a non-legally binding memorandum of understanding ("MOU") with an independent third party, Neoglory Prosperity Inc. (新光圓成股份有限公司), a PRC company listed on SZSE (002147.SZSE) ("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 Transmissions Equipment Group Co., Ltd. ("CHS"), one of the major subsidiaries of the Company whose shares are listed on 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 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 copy of 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.

37 OTHER PAYABLES AND ACCRUALS *(continued)*

Note: (continued)

(a) *(continued)*

During the year ended 31 December 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 31 December 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.

38 BANK AND OTHER BORROWINGS

	2022		2021	
	Current	**Non-current**	Current	Non-current
	RMB'000	**RMB'000**	RMB'000	RMB'000
Secured				
– Bank loans	**278,328**	**3,142,417**	2,056,039	1,064,614
– Loans from other financial institutions	**1,574,803**	**–**	817,473	–
– Loans from other third parties	**808,810**	**–**	195,386	668,300
Total secured borrowings	**2,661,941**	**3,142,417**	3,068,898	1,732,914
Unsecured				
– Bank loans	**4,316,749**	**849,756**	2,200,939	–
– Loans from ultimate holding company	**1,252,484**	**–**	1,211,732	–
– Loan from a joint venture	**185,354**	**–**	170,928	–
– Loans from other financial institutions	**–**	**275,000**	669,337	–
– Loans from other third parties	**192,321**	**44,040**	35,375	203,958
Total unsecured borrowings	**5,946,908**	**1,168,796**	4,288,311	203,958
	8,608,849	**4,311,213**	7,357,209	1,936,872

Bank and other borrowings carry interests ranging from 0% to 12% (2021: 0% to 9%) per annum. As at 31 December 2022, loans from ultimate holding company of RMB1,252,484,000 (2021: RMB1,211,732,000) are interest-free and loan from a joint venture of RMB185,354,000 (2021: RMB170,928,000) carried an effective interest rate at 8% (2021: 8%) per annum.

38 BANK AND OTHER BORROWINGS *(continued)*

At the end of the reporting period, the carrying amounts of bank and other borrowings are denominated in the following currencies:

	2022 RMB'000	2021 RMB'000
RMB	12,143,445	8,144,297
US$	531,638	880,461
HK$	–	18,189
AUD	244,979	251,134
	12,920,062	9,294,081

Bank and other borrowings are repayable as follows:

	2022 RMB'000	2021 RMB'000
Within one year or on demand	8,608,849	7,357,209
Between one and two years	1,338,702	1,078,716
Between two and five years	1,892,357	811,113
Over five years	1,080,154	47,043
	12,920,062	9,294,081

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

(i) Certain (2021: All) of the Group's equity interests in CHS, all of the equity interests in Fullshare Dazu and NGC (Huaian) High Speed Gear Manufacturing Co., Ltd., and certain equity interests in Tianjin Heheng Investment Development Co., Ltd. (天津合恒投資發展有限公司), all of which are subsidiaries of the Group.

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

(iii) The Group's assets as disclosed in Note 53.

In addition, bank and other borrowings of RMB900,093,000 (2021: RMB1,269,759,000) were guaranteed by Mr. Ji. Bank and other borrowings of RMB1,132,103,000 (2021: RMB1,436,150,000) were guaranteed by Mr. Ji and a close family member of Mr. Ji.

38 BANK AND OTHER BORROWINGS *(continued)*

(a) 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.

On 28 January 2022, the Group paid the first instalment payment and the auction had been withdrawn by the Lender. Up to 31 December 2022, the Group repaid RMB137,444,000 over the Principal, and the legal charges over the Pledged Properties remains until the loan has been settled in full. As at 31 December 2022, the fair value of the Pledged Properties amounted to RMB1,202,826,000. During the year ended 31 December 2022, interest expense of RMB32,746,000 (2021: RMB40,111,000) was recognised in profit and loss. Up to the date of these 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.

(b) During the year ended 31 December 2022, certain of the borrowings with principal amounting to RMB335,363,000 (2021: RMB320,938,000) were overdue and overdue interest of RMB14,470,000 (2021: RMB13,832,000) was recognised. The Group is actively liaising with the lenders to extend the repayment period and has not received any request from any lender of the borrowings for accelerated repayment up to the date of these consolidated financial statements. Management considers that these borrowings could be repaid through internal fundings and will not have a significant impact to the Group's operations.

39 WARRANTY PROVISION

	2022 RMB'000	2021 RMB'000
At 1 January	1,712,034	951,075
Additional provisions recognised during the year	650,924	1,052,153
Amounts utilised during the year	(259,834)	(291,194)
At 31 December	2,103,124	1,712,034
Analysed for reporting purposes:		
– Current portion	988,395	863,250
– Non-current portion	1,114,729	848,784
	2,103,124	1,712,034

At the end of the reporting period, the amount represents the directors' best estimate of the expected cost that will be required under the Group's obligations for warranties under sale of goods. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

40 DEFERRED TAX

For presentation purposes, certain deferred tax assets/(liabilities) have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purpose:

	2022 RMB'000	2021 RMB'000
Deferred tax assets	1,065,817	776,758
Deferred tax liabilities	(1,184,165)	(1,162,465)
	(118,348)	(385,707)

40 DEFERRED TAX *(continued)*

(i) Details of the deferred tax assets recognised in the consolidated statement of financial position and movements during the years are as follows:

	Tax losses RMB'000	Temporary difference between accounting basis and tax basis of lease liabilities RMB'000	Change in fair value of financial assets RMB'000	Write-down of inventories RMB'000	Impairment of receivables RMB'000	Other payables and accrued expenses RMB'000	LAT RMB'000	Unwinding discount on put option upon partial disposal of a subsidiary RMB'000	Unrealised profits on intra-group transactions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	32,172	18,680	16,751	34,664	245,198	232,446	59,917	–	734	1,796	642,358
(Charged)/credited to profit or loss	(21,738)	(197)	–	2,162	15,114	81,521	(9,822)	–	10,554	22,402	99,996
Credited to OCI	–	–	35,240	–	–	–	–	–	–	933	36,173
Exchange differences	–	(1,554)	–	–	–	(215)	–	–	–	–	(1,769)
At 31 December 2021 and 1 January 2022	**10,434**	**16,929**	**51,991**	**36,826**	**260,312**	**313,752**	**50,095**	**–**	**11,288**	**25,131**	**776,758**
Disposal of a subsidiary	–	(17,412)	–	–	–	(10,584)	–	–	–	–	(27,996)
(Charged)/credited to profit or loss	41,833	–	–	8,603	(53,665)	70,880	(5,253)	53,544	45,876	53,765	215,583
Credited/(charged) to OCI	–	–	101,476	–	–	–	–	–	–	(779)	100,697
Exchange differences	–	483	–	–	–	292	–	–	–	–	775
At 31 December 2022	**52,267**	**–**	**153,467**	**45,429**	**206,647**	**374,340**	**44,842**	**53,544**	**57,164**	**78,117**	**1,065,817**

The Group has tax losses of RMB1,187,023,000 (2021: RMB1,579,219,000) arising from the PRC that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the losses of RMB977,955,000 (2021: RMB1,537,485,000) as they have recognised in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

40 DEFERRED TAX *(continued)*

(ii) **Details of the deferred tax liabilities recognised in the consolidated statement of financial position and movements during the years are as follows:**

	Change in fair value of identified assets upon acquisition of subsidiaries RMB'000	Temporary difference between accounting basis and tax basis of investment properties RMB'000	Change in fair values of financial assets RMB'000	Withholding tax RMB'000	Others RMB'000	Total RMB'000
At 1 January 2021	347,571	732,325	(12,337)	93,477	301	1,161,337
(Credited)/charged to profit or loss	(82,924)	39,197	61,174	–	25,247	42,694
Credited to OCI	–	–	(26,255)	–	–	(26,255)
Derecognised on disposal of financial assets at FVOCI	–	–	(15,060)	–	–	(15,060)
Exchange differences	(251)	–	–	–	–	(251)
At 31 December 2021 and 1 January 2022	**264,396**	**771,522**	**7,522**	**93,477**	**25,548**	**1,162,465**
Acquisition of a subsidiary	**1,733**	**–**	**–**	**–**	**–**	**1,733**
(Credited)/charged to profit or loss	**(25,105)**	**31,433**	**7,086**	**–**	**8,125**	**21,539**
Credited to OCI	**–**	**–**	**(1,572)**	**–**	**–**	**(1,572)**
At 31 December 2022	**241,024**	**802,955**	**13,036**	**93,477**	**33,673**	**1,184,165**

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the application rates are 5% and 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008 onwards.

No deferred tax has been recognised for withholding taxes that would be payable on the unremitted retained earnings of RMB11,860,901,000 as at 31 December 2022 (2021: RMB10,191,093,000) arising from the Group's subsidiaries established in the PRC as, in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

41 SHARE CAPITAL

	Number of shares	RMB'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	40,000,000,000	314,492

	Note	Number of shares	RMB'000
Issued and fully paid:		19,705,391,731	160,872
At 1 January 2021, 31 December 2021 and 1 January 2022			
Placements of new shares	(i)	4,856,805,000	41,849
Subscription of new shares	(ii)	1,970,000,000	17,183
At 31 December 2022		26,532,196,731	219,904

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 proceeds of approximately HK$294,657,000 (equivalent to approximately RMB252,284,000) net of direct costs was raised.

In addition, on 29 July 2022, the Company entered into a placing agreement with a placing agent in respect of the placement for a maximum of 1,970,000,000 ordinary shares of HK$0.01 each to not less than six placees at the placing price of HK$0.11 per share. The placement was completed on 24 August 2022. A total of 1,901,000,000 shares has been placed successfully and proceeds of approximately HK$208,447,000 (equivalent to approximately RMB182,832,000) net of direct costs was raised.

(ii) On 29 July 2022, the Company entered into a subscription agreement with a subscriber in respect of the subscription for a total of 1,970,000,000 ordinary shares of HK$0.01 each at the subscription price of HK$0.11 per share. The subscription was completed on 16 September 2022 and proceeds of approximately HK$216,520,000 (equivalent to approximately RMB189,010,000) net of direct costs was raised.

42 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEMES

(i) Share options scheme

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 17 August 2018, the share option scheme (the "Share Option Scheme") was adopted by the Company.

Official full-time employees rank a level of director (總監) and above, and other employees selected by the Board of Directors or the shareholders of the Company at general meeting are eligible to participate in the Share Option Scheme. Subject to early termination by the Company at general meeting, the Share Option Scheme shall remain in force for 5 years commencing from the date of adoption.

The exercise of share options shall be conditional upon fulfilment of the following main conditions:

- In respect of the results targets of the Company from years 2018 to 2022, taking the overall net profit and operation net profit of the Company in year 2017 as benchmarks (the 'Benchmarks'), the annual compound growth rate of the audited overall net profit and operation net profit of the Company in the financial year preceding the exercise date of the share options shall not be lower than 10% and 25% respectively compared to the Benchmarks. The Board of Directors may adjust the results targets if there is material change of the strategic development of the Company; and

- The grantee shall be a full-time employee passing the probation on the grant date and until the exercise date of the share options except for exemptions set out in the Share Option Scheme, unless otherwise waived by the Board of Directors or the person authorised by the Board of Directors.

Assuming all the conditions for exercise of the share options are fulfilled in accordance with the Share Option Scheme, the proportion of 20%, 20%, 20%, 20% and 20% of the share options may be exercised after the 12 months, 24 months, 36 months, 48 months and 60 months, respectively, from the date of grant. No share option could be exercised 10 years after the date of grant.

On 14 December 2018, the Board of Directors resolved to grant share options to certain eligible employees (the "Share Option Grantees") to subscribe for a total of 77,232,200 shares upon exercise under the Share Option Scheme, such share options had been accepted by the Share Option Grantees at nil consideration. The exercise price of share options granted was HK$2.56 per share, representing the closing price of the Company's share as quoted in the daily quotation sheet of SEHK on the date of grant. During the year ended 31 December 2022, upon the completion of placements and subscription of new shares, the number of share options was adjusted from 19,107,160 to 20,101,152, out of which, a total of 9,961,299 and 178,560 Adjusted Share Options were cancelled and lapsed, respectively, according to the terms of the Share Option Scheme; and the exercise price of the outstanding Adjusted Share Options was adjusted to HK$2.43 per share. As at 31 December 2022, there were 9,961,293 outstanding Adjusted Share Options which are not exercisable.

As at 31 December 2022 and 2021, the best available estimate of the number of share options expected to exercise is immaterial, as it is highly probable that the Share Option Grantees will fail to satisfy the abovementioned exercise conditions in accordance with the Share Option Scheme.

42 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEMES *(continued)*

(ii) Share award scheme

On 7 July 2018, the Group adopted a share award scheme (the "Share Award Scheme") to promote the implementation of enterprise culture of co-creation and procure the core employees of the Group to focus on long-term operation performance, as well as to attract, retain and impel core talents.

Official full-time employees rank a level of senior manager and above, and other employees selected by the Board of Directors or the shareholders of the Company at general meeting are eligible to participate in the Share Award Scheme. The Share Award Scheme shall be valid for a term of 5 years commencing from the date of adoption.

Pursuant to the Share Award Scheme, existing shares of the Company could be purchased and held on trust as "Restricted Shares" until such shares are vested with the relevant grantees in accordance with the rules of the Share Award Scheme.

Subject to the fulfillment of the specified vesting conditions and upon payment of consideration of the award shares are made, 60% and 40% of the award shares will be transferred to the selected grantees following the Company's instruction since the date falling the 24th and 36th month from the date of grant respectively.

On 14 December 2018, the Board of Directors resolved to grant an aggregate of 17,521,400 shares ("Award Shares") to 46 eligible employees (the "Award Share Grantees") at grant price of HK$1.28 per Award Share. As at 31 December 2022, there was no outstanding unvested award shares (2021: Nil) and the Company intends to hold the 17,521,400 award shares on trust and utilise for future award purpose pursuant to the Share Award Scheme.

43 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

(i) Equity reserve

Equity reserve represented (a) the difference between the paid-in capital of Nanjing Fullshare Asset Management Limited (南京豐盛資產管理有限公司) ("Nanjing Fullshare Asset Management") and the carrying amount of ordinary share capital of the Company immediately before the completion of the reverse takeover transaction during the year ended 31 December 2013 and (b) the difference between deemed consideration given by Nanjing Fullshare Asset Management and the nominal value of ordinary shares of the Company issued in respect of the reverse takeover transaction.

(ii) Statutory surplus reserve

In accordance with the PRC Company Law and the PRC subsidiaries' Articles of Association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.

43 RESERVES *(continued)*

(iii) Merger reserve

The merger reserve of the Group arose as a result of the acquisitions of subsidiaries under common control and represented the difference between the consideration paid for the acquisitions and the carrying amount of the net assets of the subsidiaries at the date when the Group and the acquired subsidiaries became under common control.

(iv) Other reserve

Other reserve represents (a) the gains/(losses) arising from transactions with non-controlling interests, (b) the difference between the fair value of consideration paid for the acquisition of subsidiaries from the equity shareholders of the Company and the fair value of the assets acquired at the date of acquisition, (c) the amount due to the controlling shareholder waived by Mr. Ji and capitalised as capital contribution, (d) the difference between the fair value of capital contribution received from the non-controlling interests and the proportionate of the carrying amount of the net assets of the respective subsidiary attributable to the equity shareholders of the Company being deemed disposed of and (e) the fair value of the share-based payments.

(v) Employee share trust reserve

Employee share trust reserve arose as a result of purchasing of Company's shares for Share Award Scheme or granting the shares to relevant grantees of the Group.

44 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	CHS	
	2022	2021
	RMB'000	RMB'000
Percentage of equity interest held by non-controlling interests:	**27.11%**	26.09%
Accumulated balances of non-controlling interests at the end of the reporting period:	**6,116,286**	3,818,621
Total comprehensive income for the year allocated to non-controlling interests:	**522,173**	307,610

44 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

The following table illustrates the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	CHS	
	2022	2021
	RMB'000	RMB'000
Revenue	**21,079,654**	20,210,526
Total expenses, other income, gains and losses	**(20,131,019)**	(18,680,652)
Income tax expenses	**(375,639)**	(209,364)
Profit for the year	**572,996**	1,320,510
Total comprehensive income for the year	**278,984**	1,463,324
Net cash flows generated from/(used in) operating activities	**906,613**	(1,482,374)
Net cash flows used in investing activities	**(5,459,359)**	(25,370)
Net cash flows generated from financing activities	**5,574,544**	2,639,595
Net increase in cash and cash equivalents	**1,021,798**	1,131,851

	2022	2021
	RMB'000	RMB'000
Current assets	**30,852,241**	20,822,795
Non-current assets	**13,141,157**	9,779,092
Current liabilities	**(23,321,323)**	(14,721,603)
Non-current liabilities	**(4,939,280)**	(1,395,295)

45 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(i) Cash generated from/(used in) operations

	Note	2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Profit/(loss) before tax			
– from continuing operation		714,729	(2,095,358)
– from discontinued operation		142,592	43,278
		857,321	(2,052,080)
Adjustments for:			
Finance costs		877,967	482,438
Share of results of associates and joint ventures	23, 24	75,398	1,393,979
Interest income		(217,430)	(203,073)
Gains on disposal of property, plant and equipment	10	(1,123)	(5,196)
Gains on disposal of subsidiaries	10	(8,026)	(217,989)
Gains on disposal of discontinued operation	49(b)	(139,319)	–
Loss on disposal of a joint venture	10	–	16,984
Dividend income	9	(19,005)	(25,207)
Fair value changes in financial instruments	8	917,050	1,812,574
Fair value changes in investment properties	10	1,540	(38,768)
Depreciation of property, plant and equipment	18	506,340	512,839
Depreciation of right-of-use assets	20(a)	43,147	74,206
Net (reversal of)/provision for impairment losses on financial assets and financial guarantee contracts		(990,557)	87,139
Impairment losses of property, plant and equipment	10	18,331	82,232
Impairment losses of prepayments	10	41,896	7,710
Write-down of properties under development	11	218,357	–
Write-down of properties held for sale	11	2,909	2,554
Write-down of inventories	11	217,632	165,091
Amortisation of other intangible assets	11	69,912	70,996
Amortisation of deferred income		(17,218)	(24,947)
Gains on remeasurement of contingent consideration	10	–	(147)
Waiver of interest on loans receivables	10	73,711	–
Exchange (gains)/losses, net		(191,828)	58,554
Operating cash inflows before movement in working capital		2,337,005	2,199,889

45 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(i) Cash generated from/(used in) operations *(continued)*

	2022 RMB'000	2021 RMB'000
Increase in properties under development	–	(87,491)
Decrease in properties held for sale	1,868	87,570
Increase in inventories	(1,940,140)	(1,671,050)
(Increase)/decrease in restricted bank deposits	(13,351)	3,182
Increase in trade and bills receivables, other receivables and prepayments	(4,119,213)	(1,152,141)
Increase/(decrease) in trade and bills payables, other payables and accruals and contract liabilities	4,412,898	(771,435)
Increase in provision for product warranties	391,090	760,959
Cash generated from/(used in) operations	1,070,157	(630,517)

(ii) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000	Bank and other borrowings RMB'000	Total RMB'000
At 1 January 2022	354,758	9,294,081	9,648,839
New leases	4,988	–	4,988
Lease modification	(3,968)	–	(3,968)
Interest expense from continuing operations	1,214	672,678	673,892
Interest expense from discontinued operation	5,788	–	5,788
Disposal of discontinued operation	(336,677)	–	(336,677)
New bank and other borrowings raised	–	9,622,034	9,622,034
Repayments of bank and borrowings	–	(6,068,695)	(6,068,695)
Capital element of lease rental paid	(21,102)	–	(21,102)
Interest element of lease rental paid	(7,002)	–	(7,002)
Foreign exchange movements	24,256	73,904	98,160
Interest paid	–	(673,940)	(673,940)
At 31 December 2022	22,255	12,920,062	12,942,317

45 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(ii) Changes in liabilities arising from financing activities *(continued)*

	Lease liabilities RMB'000	Bank and other borrowings RMB'000	Total RMB'000
At 1 January 2021	417,413	7,217,132	7,634,545
New leases	14,090	–	14,090
Interest expense	21,608	516,601	538,209
New bank and other borrowings raised	–	6,394,196	6,394,196
Repayments of bank and borrowings	–	(4,254,292)	(4,254,292)
Capital element of lease rental paid	(44,996)	–	(44,996)
Interest element of lease rental paid	(21,608)	–	(21,608)
Foreign exchange movements	(31,749)	(44,146)	(75,895)
Changes from operating cash flows	–	(3,963)	(3,963)
Interest paid	–	(470,017)	(470,017)
Transfer upon disposal of a subsidiary	–	169,837	169,837
Decrease arising from disposal of a subsidiary	–	(231,267)	(231,267)
At 31 December 2021	354,758	9,294,081	9,648,839

46 ACQUISITION OF A SUBSIDIARY

In May 2022, the Group acquired 100% equity interest in Shanghai Faske Energy Technology Co., Ltd. ("Shanghai Faske"), which is engaged in energy technology, from an independent third party at a consideration of RMB8,397,000. The acquisition was completed on 30 June 2022.

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

	RMB'000
Property, plant and equipment	39,611
Trade receivables	1,448
Cash and cash equivalents	1,557
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)

The post-acquisition revenue and net loss that Shanghai Faske contributed to the Group for the year ended 31 December 2022 were Nil and RMB2,916,000 respectively.

47 DISPOSAL OF A SUBSIDIARY

On 25 May 2022, the Group entered into an agreement with an independent third party to dispose of its 100% equity interests in Nanjing Zhiteng Enterprise Management Limited（南京至騰企業有限公司）at a consideration of RMB5,470,000. The disposal was completed on 22 August 2022.

The assets and liabilities of the subsidiary at the disposal date were as follows:

	RMB'000
Properties held for sale	63,380
Other receivables	1
Cash and cash equivalents	694
Other payables	(64,968)
Contract liabilities	(161)
Net liabilities disposed of	(1,054)
Cash consideration	(5,470)
Gain on disposal of a subsidiary	6,524
Analysis of cash flows on disposal:	
Cash consideration received	5,470
Cash and cash equivalents disposed of	(694)
Net cash inflow from disposal	4,776

48 PARTIAL DISPOSAL OF INTEREST IN SUBSIDIARIES WITHOUT LOSS OF CONTROL

(a) Nanjing High Speed

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"). 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 was completed on 4 March 2022. Upon the completion of the Partial Disposal, the Group's equity interest in Nanjing High Speed decreased from approximately 93.02% 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.

48 PARTIAL DISPOSAL OF INTEREST IN SUBSIDIARIES WITHOUT LOSS OF CONTROL *(continued)*

(a) Nanjing High Speed *(continued)*

The effect on equity attributable to equity shareholders of the Company during the year 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 (i))	(523,664)
Less: Written put option liability initially recognised (Note (ii))	(4,300,000)
Decrease in equity attributable to equity shareholders of the Company	(2,153,636)

Notes:

(i) 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 the 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 based 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 the 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.

(ii) 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. 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 movement of written put option liability during the year is as follows:

	RMB'000
At 1 January 2022	–
Issuance of written put option	4,300,000
Unwinding of discount	214,175
At 31 December 2022	4,514,175

48 PARTIAL DISPOSAL OF INTEREST IN SUBSIDIARIES WITHOUT LOSS OF CONTROL *(continued)*

(b) CHS

In December 2022, the Group disposed of 1.02% equity interest of CHS for HK$56,868,000 (equivalent to RMB50,936,000). At the date of the disposal, the proportionate share of 1.02% interest in CHS by non-controlling interests was RMB145,521,000. Accordingly, the Group recognised an increase in non-controlling interests of RMB145,521,000 and a decrease in equity attributable to equity shareholders of the Company of RMB94,585,000. The effect on the equity attributable to the equity shareholders of the Company during the year is summarised as follows:

	RMB'000
Consideration received	50,936
Less: Increase in non-controlling interests	(145,521)
Decrease in equity attributable to equity shareholders of the Company	(94,585)

As at 31 December 2022, the Group held 72.89% equity interest in CHS.

49 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, and the Management Buyer conditionally agreed to purchase 72.71% equity interests in Sparrow 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 a discontinued operation. After the completion of Sparrow Disposal, the Group held 24.01% equity interests in Sparrow and still exercise significant influence in Sparrow, therefore Sparrow ceased to be a subsidiary and becomes an associate of the Group since then.

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 year ended 31 December 2022.

49 DISCONTINUED OPERATION *(continued)*

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

(a) Results of discontinued operation

	From 1 January 2022 to the date of disposal	For the year ended 31 December 2021
	RMB'000	RMB'000
Revenue	116,460	506,333
Cost of revenue	(94,198)	(385,423)
Gross profit	22,262	120,910
Selling and distribution expenses	(3,217)	(12,182)
Administrative expenses	(9,703)	(34,182)
Impairment losses on financial assets	(281)	(1,261)
Other income	–	56
Operating profit	9,061	73,341
Finance costs	(5,788)	(30,063)
Profit before tax	3,273	43,278
Income tax expenses	(1,019)	(11,529)
Profit after tax	2,254	31,749
Gain on disposal of discontinued operation	139,319	–
Profit for the period/year from discontinued operation	141,573	31,749
Other comprehensive income:		
Item that may be reclassified to profit or loss:		
– Exchange differences on translation of foreign operations	2,050	9,848
Total comprehensive income for the period/year from discontinued operation	143,623	41,597

49 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	For the year ended 31 December 2021
	RMB'000	RMB'000
Net cash inflows from operating activities	28,419	108,476
Net cash outflows from investing activities	(3,677)	(20,538)
Net cash outflows from financing activities	(74,002)	(59,939)
Net (decrease)/increase in cash and cash equivalents	(49,260)	27,999

(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
Deferred tax assets	27,996
Trade and other receivables	11,588
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

49 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 fluctuation 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

50 COMPLETION OF REVISED FORWARD PURCHASE AGREEMENT AND DISPOSAL OF EQUITY INTEREST OF SHANGHAI JOYU CULTURE COMMUNICATION COMPANY LIMITED ("SHANGHAI JOYU") THROUGH A SERIES OF TRANSACTIONS

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) ("China Merchants") 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 RMB3,342,507,000 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.

50 COMPLETION OF REVISED FORWARD PURCHASE AGREEMENT AND DISPOSAL OF EQUITY INTEREST OF SHANGHAI JOYU CULTURE COMMUNICATION COMPANY LIMITED ("SHANGHAI JOYU") THROUGH A SERIES OF TRANSACTIONS *(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 year ended 31 December 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 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.

Immediately before the completion of Revised Forward Purchase Agreements, derivative financial instruments of RMB2,688,011,000 (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 consolidated statement of financial position, and the corresponding fair value losses of RMB867,690,000 was recognised in the consolidated statement of profit or loss and other comprehensive income.

In August 2022, all of the outstanding consideration due to the Limited Partners of the Fund of RMB2,116,322,000 was settled and the Group completed the purchase of equity interests of the Fund from Ningbo Zhongbang, of which 43% was recognised through acquisition of Jiangsu Kun Huai Constructions Limited (江蘇坤淮建設有限公司) by a subsidiary of Nanjing Zhichen Enterprise Management Limited (南京至辰企業管理有限公司) ("Nanjing Zhichen"), the wholly-owned subsidiary of the Group. Nanjing Zhichen is principally engaged in investment holding. After the acquisition of the Fund and prior to the disposal of Nanjing Zhichen, the Group entered into a number of internal debt restructuring agreements to waive part of the debts owed by the subsidiary of Nanjing Zhichen to the Group in relation to the consideration of the Fund, with reference to the valuation of the Fund.

On 6 October 2022, the Group entered into an agreement with an independent third party to dispose of all its equity interest in Nanjing Zhichen at a consideration of RMB200,000,000. The disposal was completed on 12 October 2022 and the consideration is receivable within 30 days from the completion date of the disposal. A general security deed and a shareholders' agreement which includes a buy-back option clause exercisable by the Group were entered into with the independent third party to secure the repayment of deferred consideration (see note 28 (ii)).

50 COMPLETION OF REVISED FORWARD PURCHASE AGREEMENT AND DISPOSAL OF EQUITY INTEREST OF SHANGHAI JOYU CULTURE COMMUNICATION COMPANY LIMITED ("SHANGHAI JOYU") THROUGH A SERIES OF TRANSACTIONS *(continued)*

The assets and liabilities of the subsidiary at the disposal date were as follows:

	RMB'000
Financial assets at fair value through profit or loss	332,626
Other receivables	8,299
Cash and cash equivalents	5
Other payables and accruals	(142,432)
Net assets disposed of	198,498
Cash consideration	(200,000)
Gain on disposal of a subsidiary	1,502
Analysis of cash flows on disposal:	
Consideration	200,000
Less: Unsettled consideration	(200,000)
Cash and cash equivalents disposed of	(5)
Net cash outflow from disposal	(5)

51 CONTINGENT LIABILITIES

As at 31 December 2022, contingent liabilities not provided for in the consolidated financial statements were as follows:

(i) Mortgage facilities

	2022 RMB'000	2021 RMB'000
Guarantees given to banks in connection with mortgage facilities	–	6,076

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 obtains the "property title certificate" for the mortgagees, or when the Group obtains the "master property title certificate" upon completion of the construction. The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties.

51 CONTINGENT LIABILITIES *(continued)*

(ii) As at 31 December 2022, the Group provided financial guarantees to one associate (2021: one associate and two related parties) and four independent third parties (2021: two independent third parties), in favour of bank loans of RMB40,020,000 (2021: RMB220,796,000 and RMB1,100,000,000) and RMB1,219,000,000 (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. During the year ended 31 December 2022, the entity to which the Group provided certain of investment properties as a financial guarantee (the "Warrantee") failed to fulfill its repayment obligation, causing the titleships of those investment properties with carrying value of RMB142,980,000 as at 31 December 2022 were frozen by the PRC's court order. Up to the date of this consolidated financial statements, those investment properties are neither released from the freeze nor put for auction. In view that the Group has a borrowing owed to the Warrantee which exceeded the carrying value of investment properties under guarantee contract, and the right of the Group to set off the borrowing with the Warrantee by the value of the investment properties in case of confiscation pursuant to the agreement with the Warrantee, the management of the Group, after seeking legal advice, considered that the protection of the Group's interests was sufficient. Accordingly, no provision for the obligation due to this financial guarantee has been made as at 31 December 2022.

At the end of the reporting period, an amount of RMB3,417,000 (2021: RMB6,359,000) has been recognised in the consolidated financial statements as liabilities.

(iii) On 30 August 2019, a sale and purchase agreement is entered into between an independent third party (the "Purchaser") and the general partner of Fullshare Value Fund I (A) L.P. (the "Vendor"), a joint venture of the Group, 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.

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 approximately 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 Guaranteed money would be reimbursed by the former owner.

The Group 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 appoint a person 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). During the year ended 31 December 2022, since the authorised matters had been resolved, the letter of authority was lapsed.

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 as at 31 December 2022 and 2021.

51 CONTINGENT LIABILITIES *(continued)*

(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 HK$1,466,000,000 (the "Proceeding"). No further information in respect of the Proceeding and the claim thereunder is available as at the date of these 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 RMB127,228,000 as at 31 December 2022 ("Loan"). However, up to the date of these 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.

52 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 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:

	2022 **RMB'000**	2021 RMB'000
Within 1 year	**163,815**	142,681
After 1 year but within 2 years	**142,591**	118,277
After 2 years but within 3 years	**110,837**	89,078
After 3 years but within 4 years	**76,356**	70,277
After 4 years but within 5 years	**58,240**	52,975
After 5 years	**333,696**	370,504
	885,535	843,792

(ii) Capital commitments

The Group had the following capital commitments at the end of the reporting period:

	2022 **RMB'000**	2021 RMB'000
Contracted, but not provided for:		
– Property, plant and equipment	**3,117,804**	1,573,737
– Capital contributions to associates	**133,000**	173,000
– Capital contributions to joint ventures	**50,000**	350,000
	3,300,804	2,096,737

53 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, independent third parties and connected persons as follows:

	Note	2022 RMB'000	2021 RMB'000
Property, plant and equipment	18	**1,661,522**	2,113,881
Investment properties	19	**4,803,265**	4,820,921
Right-of-use assets	20(a)	**269,570**	358,195
Trade receivables	31	**398,826**	398,803
Financial assets at FVOCI	27(iv)	**1,034,234**	1,338,295
Properties under development	33	**98,935**	323,844
Properties held for sale	34	**49,915**	106,443
Pledged bank deposits	35	**4,897,224**	1,897,477
		13,213,491	11,357,859

54 PRINCIPAL SUBSIDIARIES

Particulars of the Group's principal subsidiaries as at 31 December 2022 are as follows:

Name	Place of incorporation/ operation and kind of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	 Indirect	Principal activities
CHS	Cayman Islands/ PRC, limited liability company	US$16,352,916	–	73 (2021: 74)	Manufacture and sale of gear products and trading of goods
Nanjing Fullshare Dazu Technology Company Limited (南京豐盛大族科技股份有限公司)	PRC, wholly-foreign owned enterprise	RMB3,000,000,000	–	100	Real estate development and investments
Nanjing Deying Property Limited (南京德盈置業有限公司) ("Nanjing Deying")	PRC, wholly-foreign owned enterprise	RMB465,200,980	–	100	Property investment
Five Seasons VI Pty Limited	Australia, limited liability company	AUD100	–	100	Tourism

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

55 RELATED PARTY TRANSACTIONS

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

(i) Transactions with related parties

	Note	2022 RMB'000	2021 RMB'000
Associates:			
– Purchases of products	(i)	–	183
– Loan interest received	(ii)	3,251	–
– Interest income	(ii)	4,771	–
Joint ventures:			
– Sales of products	(iii)	–	94,503
– Repayment of loan interests	(iv)	–	1,654
– Interest expense	(iv)	14,470	13,832
The subsidiaries of the Group's ultimate shareholder:			
– Management service income	(v)	533	564
– Rental income and recharges	(vi)	1,818	1,821
The Group's ultimate shareholder:			
– Loans received	(vii)	939,678	773,878
– Repayment of loans	(vii)	938,161	352,217
– Interest expense	(vii)	–	14,200
– Advisory service income	(viii)	217	–
– Guarantees provided	(ix)	7,067	6,527

Note:

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

(ii) The interest income is derived from a loan to Sparrow. During the year ended 31 December 2022, interest income of approximately RMB4,771,000 (2021: Nil) was recognised and the Group received outstanding interests of RMB3,251,000 (2021: Nil).

(iii) The sales to a joint venture were made according to the published prices and conditions offered to the major customers of the Group.

(iv) On 13 March 2017, the Group entered into an agreement with FVF I L.P. to borrow US$53,739,000 (equivalent to RMB370,558,000) at an interest rate of 8% per annum. During the year ended 31 December 2022, interest expense of RMB14,470,000 (2021: RMB13,832,000) was recognised in profit or loss and the Group repaid outstanding interests of Nil (2021: RMB1,654,000).

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

(vi) 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.

55 RELATED PARTY TRANSACTIONS *(continued)*

(i) Transactions with related parties *(continued)*

Note: (continued)

(vii) The Group entered into several loan agreements with Magnolia, the immediate and ultimate holding company of the Company. As at 31 December 2022, amounts due to Magnolia are interest-free and repayable on demand (2021: interest-free and repayable on demand). During the year ended 31 December 2022, the Group recognised an imputed interest expense of Nil (2021: RMB14,200,000) for the loan portion previously classified as non-current, received loans of RMB939,678,000 (2021: RMB773,878,000) and repaid loans of RMB938,161,000 (2021: RMB352,217,000).

(viii) The advisory service income is derived from the transactions which are carried out on terms agreed by the Group, Mr. Ji and Magnolia.

(ix) During the year ended 31 December 2022, a guarantee of HK$8,000,000 (equivalent to RMB7,067,000) (2021: HK$8,000,000 (equivalent to RMB6,527,000)) at maximum was provided by Mr. Ji to a subsidiary of the Group for securing its loan portfolio.

Except for the transactions with the Group's associates and joint ventures, all the other related party transactions are all connected transactions, some of which have been reported and announced under Chapter 14A of the Listing Rules, others are exempted from reporting, announcement and shareholder approval requirements under the Listing Rules.

(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 loan receivables (Note 28(i)), other receivables (Note 28(iii)), trade receivables (Note 31), prepayments (Note 32), trade and bills payables (Note 36), other payables and accruals (Note 37) and bank and other borrowings (Note 38).

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

(a) During the year ended 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"), which are controlled by a close member of Mr. Ji's family, 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 (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, Mr. Ji, Nanjing Jiangong Industrial and Nanjing Jiangong executed two guarantee letters (collectively referred to as the "Guarantee Letters") in favour 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 ("Granted Loans") shall be at least HK$900,000,000 (equivalent to RMB761,293,000) and HK$550,000,000 (equivalent to RMB483,113,000), respectively; Nanjing Jiangong Industrial and Nanjing Jiangong 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 Company.

On 6 July 2022, Nanjing Jiangong Industrial and Nanjing Jiangong were no longer related parties to the Group and became third parties to the Group. However, the guarantees provided to Nanjing Jiangong Industrial and Nanjing Jiangong and the Guarantee Letters remain valid as at 31 December 2022.

As at 31 December 2022 and 2021, since the Granted Loans exceeded the outstanding amount of the Bank Loans, no provision for the obligations due to guarantee has been made.

55 RELATED PARTY TRANSACTIONS *(continued)*

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

(b) Refer to Note 51(ii) for the further details of the financial guarantees provided by the Group in relation to the loan agreements of related parties.

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

	2022	2021
	RMB'000	RMB'000
Short-term employee benefits	**15,408**	13,124
Post-employment benefits	**547**	546
Total compensations paid to key management personnel	**15,955**	13,670

(v) The number of key management personnel whose remuneration fell within the following bands is as follows:

	Number of employees	
	2022	2021
HK$1 to HK$500,000	**1**	1
HK$1,000,001 to HK$1,500,000	**3**	1
HK$1,500,001 to HK$2,000,000	**1**	3
HK$2,500,001 to HK$3,000,000	**3**	2
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,000,001 to HK$4,500,000	**1**	–
	9	8

Further details of directors' and chief executives' emoluments are included in Note 13 to the consolidated financial statements.

56 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(i) Statement of financial position of the Company

	2022 RMB'000	2021 RMB'000
Non-current assets		
Investments in subsidiaries	1,297,351	1,297,351
Property, plant and equipment	3,804	5,759
Right-of-use assets	9,443	17,802
Financial assets at fair value through profit or loss	35,076	38,324
Loans receivables	17,199	21,738
	1,362,873	1,380,974
Current assets		
Amounts due from subsidiaries	15,695,698	14,142,571
Loans receivables	6,340	156,670
Other receivables	1,979	17,731
Prepayments	2,146	1,952
Cash and cash equivalents	8,626	2,571
	15,714,789	14,321,495
Current liabilities		
Amounts due to subsidiaries	167,823	86,350
Other payables and accruals	206,435	158,814
Bank and other borrowings	328,873	711,782
Lease liabilities	5,518	5,599
Derivative financial instruments	32,376	1,825,963
	741,025	2,788,508
Net current assets	14,973,764	11,532,987
Total assets less current liabilities	16,336,637	12,913,961
Non-current liabilities		
Lease liabilities	6,368	13,743
Deferred tax liabilities	44,390	44,390
	50,758	58,133
Net assets	16,285,879	12,855,828
Equity		
Share capital	219,904	160,872
Reserves	16,065,975	12,694,956
Total equity	16,285,879	12,855,828

56 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

(ii) Reserve movements of the Company

	Equity reserve	Share premium	Contributed surplus	Employee share trust reserve	Other reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2021	422,833	17,190,894	82,603	(35,258)	(808,973)	(1,330,990)	15,521,109
Total comprehensive loss for the year	–	–	–	–	–	(2,826,153)	(2,826,153)
At 31 December 2021 and 1 January 2022	**422,833**	**17,190,894**	**82,603**	**(35,258)**	**(808,973)**	**(4,157,143)**	**12,694,956**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**2,807,012**	**2,807,012**
New shares issued under share placements and subscription	**–**	**564,007**	**–**	**–**	**–**	**–**	**564,007**
At 31 December 2022	**422,833**	**17,754,901**	**82,603**	**(35,258)**	**(808,973)**	**(1,350,131)**	**16,065,975**

Five Years Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

Year ended 31 December	2018 RMB'000	2019 RMB'000	2020 RMB'000	2021 RMB'000 *(Restated)*	**2022 RMB'000**
RESULTS					
Revenue	10,288,651	11,163,103	16,171,377	20,785,542	**21,718,371**
(Loss)/profit before tax	(3,542,028)	(3,213,676)	(297,432)	(2,095,358)	**714,729**
Income tax credit/(expense)	479,571	369,558	(400,848)	(272,149)	**(447,606)**
(Loss)/profit for the year from continuing operations	(3,062,457)	(2,844,118)	(698,280)	(2,367,507)	**267,123**
Profit for the year from discontinued operation	–	–	–	31,749	**141,573**
(Loss)/profit for the year	(3,062,457)	(2,844,118)	(698,280)	(2,335,758)	**408,696**
Attributable to:					
Equity shareholders of the Company	(3,029,954)	(2,874,192)	(894,305)	(2,685,344)	**(160,981)**
Non-controlling interests	(32,503)	30,074	196,025	349,586	**569,677**
	(3,062,457)	(2,844,118)	(698,280)	(2,335,758)	**408,696**
ASSETS AND LIABILITIES					
Total assets	50,056,703	43,792,119	43,564,472	45,600,302	**55,229,834**
Total liabilities	(26,156,166)	(22,924,298)	(22,767,492)	(27,604,447)	**(37,109,586)**
Total equity	23,900,537	20,867,821	20,796,980	17,995,855	**18,120,248**
Attributable to:					
Equity shareholders of the Company	20,695,500	17,608,558	17,175,701	14,180,679	**12,039,043**
Non-controlling interests	3,205,037	3,259,263	3,621,279	3,815,176	**6,081,205**
	23,900,537	20,867,821	20,796,980	17,995,855	**18,120,248**

Note:

(1) The financial figures for the years ended 31 December 2021 and 2022 were extracted from the consolidated financial statements.

(2) The financial figures for the years ended 31 December 2018 to 2020 were extracted from the 2019 and 2020 annual reports. No restatements for the result of continuing operations and discontinued operation were made on the financial figures for the years ended 31 December 2018 to 2020 in respect of the disposal of a subsidiary which was classified as a discontinued operation during the year ended 31 December 2022.