



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



2023
Interim Report

Contents

	<i>Page</i>
Independent review report	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of financial position	8
Interim condensed consolidated statement of changes in equity	11
Interim condensed consolidated statement of cash flows	13
Notes to the interim condensed consolidated financial statements	16
Additional information required by the Listing Rules	74

Independent Review Report



**Independent review report to the board of directors of
Fullshare Holdings Limited
豐盛控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements of Fullshare Holdings Limited (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages 4 to 73, which comprises the interim condensed consolidated statement of financial position as at 30 June 2023, and the interim condensed consolidated statement of profit or loss and other comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months then ended and notes to the interim condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on the interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with Hong Kong Accounting Standard 34.

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

Independent Review Report

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements for the six months ended 30 June 2023 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim Financial Reporting*.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, 31 August 2023

Chau Fong, Lily

Practising certificate number P08090

Interim Condensed Consolidated Financial Statements

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

For the six months ended 30 June 2023

(Expressed in Renminbi)

		For the six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
	Note		
Continuing operations			
Revenue	6	11,551,515	9,980,131
Cost of sales and services provided	10	(9,697,332)	(8,526,813)
		1,854,183	1,453,318
Gross profit			
Selling and distribution expenses	10	(277,583)	(230,530)
Administrative expenses	10	(522,780)	(407,720)
Research and development costs	10	(459,359)	(365,701)
Net (provision for)/reversal of impairment losses on financial assets	3(ii)(e)	(219,712)	914,741
Other income	8	204,380	209,139
Net fair value changes in financial instruments	7	19,258	(862,677)
Other gains – net	9	182,811	81,710
		781,198	792,280
Operating profit			
Finance costs	11	(604,576)	(379,175)
Share of results of joint ventures		4,967	9,131
Share of results of associates		(1,583)	(858)
		180,006	421,378
Income tax expenses	12	(9,994)	(356,855)
		170,012	64,523
Profit for the period from continuing operations			
		–	141,573
Profit for the period from discontinued operation			
		170,012	206,096

Interim Condensed Consolidated Financial Statements

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

For the six months ended 30 June 2023
(Expressed in Renminbi)

	Note	For the six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Other comprehensive loss for the period:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Release of exchange reserve upon disposal of a subsidiary		–	(11,552)
– Exchange differences on translation of foreign operations		(89,304)	(36,097)
– Changes in fair value of debt instruments at fair value through other comprehensive income		(890)	11,636
– Income tax relating to these items		(336)	(1,400)
		(90,530)	(37,413)
<i>Items that will not be reclassified to profit or loss:</i>			
– Changes in fair value of equity instruments at fair value through other comprehensive income		(315,995)	(83,106)
– Income tax relating to these items		68,970	16,810
		(247,025)	(66,296)
Other comprehensive loss for the period, net of tax		(337,555)	(103,709)
Total comprehensive (loss)/income for the period		(167,543)	102,387

Interim Condensed Consolidated Financial Statements

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

For the six months ended 30 June 2023

(Expressed in Renminbi)

	Note	For the six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
(Loss)/profit for the period attributable to:			
– Equity shareholders of the Company		(172,544)	46,723
– Non-controlling interests		342,556	159,373
		170,012	206,096
(Loss)/profit for the period attributable to equity shareholders of the Company arises from:			
– Continuing operations		(172,544)	(94,776)
– Discontinued operation		–	141,499
		(172,544)	46,723
Total comprehensive (loss)/income for the period attributable to:			
– Equity shareholders of the Company		(436,562)	(66,270)
– Non-controlling interests		269,019	168,657
		(167,543)	102,387

Interim Condensed Consolidated Financial Statements

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

For the six months ended 30 June 2023

(Expressed in Renminbi)

		For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
Note		RMB'000	RMB'000
	Total comprehensive (loss)/income for the period attributable to equity shareholders of the Company arises from:		
	– Continuing operations	(436,562)	(209,819)
	– Discontinued operation	–	143,549
		(436,562)	(66,270)
	Loss per share for loss from continuing operations attributable to the equity shareholders of the Company		
	Basic and diluted loss per share	RMB(0.007)	RMB(0.005)
	(Loss)/earnings per share for (loss)/profit attributable to the equity shareholders of the Company		
	Basic and diluted (loss)/earnings per share	RMB(0.007)	RMB0.002

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

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*as at 30 June 2023**(Expressed in Renminbi)*

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	15	9,909,397	8,804,277
Investment properties		5,029,011	5,047,272
Right-of-use assets	15	1,109,306	1,069,278
Goodwill		1,503,817	1,503,817
Other intangible assets		254,251	289,106
Investments in joint ventures		302,149	290,756
Investments in associates		355,006	379,330
Financial assets at fair value through other comprehensive income	17	1,814,046	2,096,621
Financial assets at fair value through profit or loss	16	436,035	422,676
Consideration receivables	18(ii)	154,170	150,507
Loan receivables	18(i)	131,617	145,058
Prepayments		5,890	5,890
Deferred tax assets		1,221,249	1,065,817
		22,225,944	21,270,405

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

as at 30 June 2023

(Expressed in Renminbi)

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
	Note		
Current assets			
Inventories		8,508,030	6,932,870
Trade receivables	19	7,197,444	7,128,370
Consideration receivables	18(ii)	133,411	199,989
Loan receivables	18(i)	791,221	725,606
Prepayments		1,892,113	1,942,858
Other receivables	18(iii)	2,437,886	1,546,434
Other financial assets at amortised cost	18(iv)	–	1,110,905
Income tax prepaid		22,522	29,776
Financial assets at fair value through other comprehensive income	17	2,712,276	3,536,240
Financial assets at fair value through profit or loss	16	797,170	698,272
Properties under development		593,802	593,515
Properties held for sale		53,925	56,281
Restricted cash	20	4,636,389	4,924,505
Cash and cash equivalents	20	4,504,742	4,533,808
		34,280,931	33,959,429
Current liabilities			
Trade and bills payables	21	10,129,280	10,387,604
Other payables and accruals	22	3,108,621	3,263,257
Contract liabilities		1,517,494	1,555,577
Derivative financial instruments	4(d)	17,653	32,376
Lease liabilities		7,222	7,365
Bank and other borrowings	23	8,499,035	8,608,849
Income tax payable		676,846	805,127
Warranty provision		1,159,446	988,395
Deferred income		42,403	18,787
Written put option liability		4,643,175	4,514,175
		29,801,175	30,181,512

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

as at 30 June 2023

(Expressed in Renminbi)

	Note	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Net current assets		4,479,756	3,777,917
Total assets less current liabilities		26,705,700	25,048,322
Non-current liabilities			
Bank and other borrowings	23	5,984,160	4,311,213
Deferred income		459,995	303,077
Lease liabilities		12,422	14,890
Warranty provision		1,079,012	1,114,729
Deferred tax liabilities		1,208,103	1,184,165
		8,743,692	6,928,074
Net assets		17,962,008	18,120,248
Capital and reserves			
Share capital		219,904	219,904
Reserves		11,366,200	11,819,139
Equity attributable to equity shareholders of the Company		11,586,104	12,039,043
Non-controlling interests		6,375,904	6,081,205
Total equity		17,962,008	18,120,248

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

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company												Non-controlling interests	Total equity	
	Share capital	Equity reserve	Share premium	Statutory surplus reserve	Merger reserve	Employee share trust reserve	Other reserve	Investment revaluation reserve	Reverse acquisition reserve	Exchange fluctuation reserve	Accumulated losses	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (Audited)	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	
(Loss) profit for the period	-	-	-	-	-	-	-	-	-	-	(172,544)	(172,544)	342,556	170,012	
Other comprehensive loss for the period															
- Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(450)	-	-	-	(450)	(776)	(776)	(1,226)	
- Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(181,781)	-	-	-	(181,781)	(65,244)	(65,244)	(247,025)	
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(81,787)	-	(81,787)	(7,517)	(7,517)	(89,304)	
Total comprehensive (loss) income for the period	-	-	-	-	-	-	(182,231)	-	(81,787)	(172,544)	(436,562)	269,019	(167,543)	(167,543)	
Transfer upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	6,026	-	-	(6,026)	-	-	-	-	
Partial disposal of interest in a subsidiary without loss of control (Note)	-	-	-	-	-	(16,377)	-	-	-	-	(16,377)	25,680	9,303	9,303	
At 30 June 2023 (Unaudited)	219,904	422,833	17,637,010	1,177,385	31,777	(35,258)	(2,324,123)	(1,067,570)	(390,381)	(117,105)	(3,968,368)	11,586,104	6,375,904	17,962,008	

Note:

In January 2023, the Group disposed of 0.18% equity interest of China High Speed Transmissions Equipment Group Co., Ltd. ("**CHS**") for HK\$10,708,000 (equivalent to RMB9,303,000). At the date of the disposal, the proportionate share of 0.18% equity interest in CHS by non-controlling interests was RMB25,680,000. Accordingly, the Group recognised an increase in non-controlling interests of RMB25,680,000 and a decrease in equity attributable to equity shareholders of the Company of RMB16,377,000.

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(continued)

for the six months ended 30 June 2023

(Expressed in Renminbi)

Note	Attributable to equity shareholders of the Company											Non-controlling interests	Total equity	
	Share capital	Equity reserve	Share premium	Statutory surplus reserve	Merger reserve	Employee share trust reserve	Other reserve	Investment revaluation reserve	Reverse acquisition reserve	Exchange fluctuation reserve	Accumulated losses			Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (Audited)	160,672	422,833	17,071,916	762,788	31,777	(55,258)	(59,525)	(661,340)	(390,381)	60,805	(3,183,808)	14,180,679	3,815,176	17,995,855
Profit for the period	-	-	-	-	-	-	-	-	-	-	46,723	46,723	159,373	206,096
Other comprehensive (loss)/income for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	7,565	-	-	-	-	7,565	10,236
- Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	-	(70,521)	-	-	-	(70,521)	4,225	(66,296)
- Release of exchange fluctuation reserve upon disposal of a subsidiary	-	-	-	-	-	-	-	-	(11,532)	-	(11,532)	-	-	(11,532)
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(38,485)	-	(38,485)	2,388	(36,097)	
Total comprehensive (loss)/income for the period	-	-	-	-	-	-	-	(62,956)	-	(50,037)	46,723	(66,270)	168,657	102,387
Transfer upon disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	30,412	-	-	(30,412)	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(3,775)	(3,775)
Partial disposal of interest in a subsidiary without loss of control	-	-	-	-	-	-	(2,153,636)	-	-	-	(2,153,636)	1,629,972	-	(523,664)
New shares issued under share placement	25,228	-	227,057	-	-	-	-	-	-	-	232,285	-	-	232,285
At 30 June 2022 (Unaudited)	186,100	422,833	17,298,973	762,788	31,777	(55,258)	(2,213,161)	(669,884)	(390,381)	10,768	(3,167,497)	12,213,058	5,610,030	17,823,088

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

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*for the six months ended 30 June 2023**(Expressed in Renminbi)*

	Note	For the six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Cash flows from operating activities			
Profit before tax		180,006	563,970
Adjustments to reconcile profit before tax to net cash flows		806,546	362,824
Total working capital adjustments		(912,530)	(602,461)
Net cash generated from operations		74,022	324,333
Income taxes paid		(194,393)	(170,893)
<i>Net cash (used in)/generated from operating activities</i>		(120,371)	153,440
Cash flows from investing activities			
Interest income received from deferred payment of consideration for partial disposal of a subsidiary		–	115,491
Interest received		80,963	58,264
Placements of pledged bank deposits		(5,745,708)	(5,556,832)
Withdrawal of pledged bank deposits		6,086,954	3,870,507
Investments in structured bank deposits		(145,000)	(55,000)
Redemption of structured bank deposits		61,375	226,889
Purchases of financial assets at fair value through other comprehensive income		–	(30,000)
Proceeds from disposal and capital refund of financial assets at fair value through other comprehensive income		18,710	446,256

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

*for the six months ended 30 June 2023**(Expressed in Renminbi)*

	Note	For the six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Purchases of financial assets at fair value through profit or loss		–	(81,777)
Purchases of items of property, plant and equipment		(1,593,509)	(1,155,406)
Proceeds from disposal of items of property, plant and equipment		3,655	11,801
Payments for right-of-use assets		(55,825)	(20,806)
Receipt of government grants		198,111	97,717
Proceeds from disposal of investment properties		18,690	2,040
Acquisition of subsidiaries		–	(6,840)
Disposal of discontinued operation		–	132,574
Proceeds from disposal of an associate		11,500	–
Dividend received from an associate		2,900	–
Capital return from an associate		–	53,693
Payments for revised forward sale and purchase agreement		–	(729,100)
Other investment income received		14,240	32
Refund of refundable earnest deposit received		–	(183,672)
Loan and other receivables granted		(254,000)	(225,000)
Repayments of loan and other receivables		138,763	752,294
<i>Net cash used in investing activities</i>		(1,158,181)	(2,276,875)

Interim Condensed Consolidated Financial Statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(continued)

for the six months ended 30 June 2023

(Expressed in Renminbi)

	Note	For the six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Cash flows from financing activities			
New bank and other borrowings raised		4,460,744	5,683,025
Repayment of bank and other borrowings		(2,930,423)	(3,873,048)
Capital element of lease rental paid		(3,338)	(17,865)
Interest element of lease rental paid		(485)	(6,432)
Interest paid		(330,227)	(308,249)
Proceeds from placements of new shares		–	252,285
Consideration received for partial disposal of a subsidiary without loss of control		9,303	3,300,000
Income tax paid on partial disposal of interest in a subsidiary without loss of control		–	(838,804)
<i>Net cash generated from financing activities</i>		1,205,574	4,190,912
Net (decrease)/increase in cash and cash equivalents		(72,978)	2,067,477
Cash and cash equivalents at the beginning of the period		4,533,808	3,473,102
Net effect of foreign exchange rate changes		43,912	38,585
Cash and cash equivalents at the end of the period		4,504,742	5,579,164

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

Interim Condensed Consolidated Financial Statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi)

1 GENERAL INFORMATION

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

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

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

During the six months ended 30 June 2022, 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 Sales and Discontinued Operations. Accordingly, the results of the discontinued operation were presented separately in the interim condensed consolidated statement of profit or loss and other comprehensive income.

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

Interim Condensed Consolidated Financial Statements

2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the SEHK.

The interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group’s 2022 annual consolidated financial statements, except for the adoption of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), as set out in Note 2.1.

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

The interim condensed consolidated financial statements contain interim condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group’s 2022 annual consolidated financial statements. These interim condensed consolidated financial statements and notes thereon do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with HKFRSs, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial statements have been prepared on a going concern basis, although 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 22(ii)), a number of loan agreements in respect of certain overdue borrowings (Note 23), 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 24(i)). The management of the Company has closely monitored the liquidity risk and considered the risk is under control after taking into consideration the adequate collaterals to secure the relevant loan and financial position of the Group.

Interim Condensed Consolidated Financial Statements

2 BASIS OF PREPARATION (continued)

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

2.1 New standards and amendments adopted by the Group

In the current period, the Group has applied the following new and amendments to HKFRSs (the "**Amendments**") issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's interim condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

- (a) Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction, narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Interim Condensed Consolidated Financial Statements

2 BASIS OF PREPARATION (continued)

2.1 New standards and amendments adopted by the Group (continued)

- (b) Amendments to HKAS 12, International Tax Reform – Pillar Two Model Rules, introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect.

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

A number of amendments to HKFRSs are published that are not mandatory to be adopted for annual period beginning on 1 January 2023 and early application is permitted. The Group has not early adopted any of the forthcoming new or amended HKFRSs in preparing these interim condensed consolidated financial statements.

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT

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

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's 2022 annual consolidated financial statements.

(i) Equity price risk

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

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

(ii) Credit risk

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

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

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

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

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

- 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.

(a) Trade receivables

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

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

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)**(ii) Credit risk** (continued)**(a) Trade receivables** (continued)

On that basis, the ECL provision as at 30 June 2023 and 31 December 2022 was determined as follows:

As at 30 June 2023 (Unaudited)	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 4 years RMB'000	More than 4 years RMB'000	Total RMB'000
ECL rate	1.74%	26.49%	56.62%	82.17%	100%	6.57%
Gross carrying amount – Trade receivables assessed under provision matrix (excluding trade receivables of which 100% loss allowances specifically provided)	6,956,937	347,522	231,565	31,032	136,306	7,703,362
Loss allowances under provision matrix	(120,935)	(92,067)	(131,110)	(25,500)	(136,306)	(505,918)
100% loss allowances specifically provided	(12,288)	(1,365)	–	(24,471)	(195,278)	(233,402)
Loss allowances	(133,223)	(93,432)	(131,110)	(49,971)	(331,584)	(739,320)
Net carrying amount	6,836,002	255,455	100,455	5,532	–	7,197,444

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)**(ii) Credit risk** (continued)**(a) Trade receivables** (continued)

On that basis, the ECL provision as at 30 June 2023 and 31 December 2022 was determined as follows: (continued)

As at 31 December 2022 (Audited)	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 4 years RMB'000	More than 4 years RMB'000	Total RMB'000
ECL rate	1.45%	33.68%	46.85%	78.14%	100%	6.48%
Gross carrying amount – Trade receivables assessed under provision matrix (excluding trade receivables of which 100% loss allowances specifically provided)	6,870,282	401,206	159,199	32,219	158,993	7,621,899
Loss allowances under provision matrix	(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

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

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

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

Financial assets at amortised cost (excluding trade receivables) include loan 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 ECL 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%

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)**(ii) Credit risk** (continued)**(b) Financial assets at amortised cost (excluding trade receivables)**
(continued)

As at 30 June 2023 and 31 December 2022, the Group provided the following ECL provision against financial assets at amortised cost (excluding trade receivables):

As at 30 June 2023 (Unaudited)	ECL rate	Gross carrying amount RMB'000	ECL provision RMB'000	Net carrying amount RMB'000
Loan receivables (Note)	36.22%	1,446,913	(524,075)	922,838
Consideration receivables	18.80%	354,170	(66,589)	287,581
Other receivables	19.25%	3,019,153	(581,267)	2,437,886
		4,820,236	(1,171,931)	3,648,305

As at 31 December 2022 (Audited)	ECL rate	Gross carrying amount RMB'000	ECL provision RMB'000	Net carrying amount RMB'000
Loan receivables	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

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

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

Note:

As at 30 June 2023 and 31 December 2022, the expected loss rate for loan receivables was relatively high 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 performances and positions of the borrowers in order to protect the interests of the Group and minimise the credit risk exposures.

(c) Bills receivables measured at FVOCI

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

Interim Condensed Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (continued)

(ii) Credit risk (continued)

(d) Financial assets at FVPL

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

As at 30 June 2023, the Group was exposed to credit risk in relation to debt investments that are measured at FVPL. The debt investments which are unrated or credit rating below the pre-set levels have to be approved by the investment committee. The management regularly reviews and monitors the portfolio of debt securities.

The maximum exposure at the end of the reporting period is the carrying amount of these investments, which is RMB251,579,000 (31 December 2022: RMB172,678,000).

- (e) For the six months ended 30 June 2023 and 2022, the summary of the net (provision for)/reversal of impairment losses on financial assets recognised in profit or loss was as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
(Provision for)/reversal of impairment losses on:		
– Trade receivables	(33,445)	(40,724)
– Loan receivables	(61,100)	964,868
– Consideration receivables	(66,578)	–
– Other receivables	(58,826)	(6,823)
– Other financial assets at amortised cost	237	(2,580)
	(219,712)	914,741

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION

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

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

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

(a) Fair value hierarchy

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

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

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

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

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur. There were no transfers between level 1, level 2 and level 3 during the six months ended 30 June 2023 and year ended 31 December 2022. The Group also did not change any valuation techniques in determining the level 2 and level 3 fair values.

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)**(a) Fair value hierarchy** (continued)

The following tables present the financial assets and liabilities that are measured at fair value at 30 June 2023 and 31 December 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 30 June 2023				
(Unaudited)				
Financial assets at FVOCI:				
– Listed equity instruments	92,209	–	–	92,209
– Unlisted equity investments	–	–	1,726,654	1,726,654
– Bills receivables	–	–	2,707,459	2,707,459
Financial assets at FVPL:				
– Unlisted equity investments	–	–	878,333	878,333
– Listed equity instruments	66,758	–	–	66,758
– Structured bank deposits	–	–	135,438	135,438
– Trade receivables measured at FVPL	–	–	116,141	116,141
– Derivative financial instruments	–	–	36,535	36,535
Financial liabilities at FVPL:				
– Derivative financial instruments	–	–	(17,653)	(17,653)
	158,967	–	5,582,907	5,741,874

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)

(a) Fair value hierarchy (continued)

The following tables present the financial assets and liabilities that are measured at fair value at 30 June 2023 and 31 December 2022: (continued)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2022 (Audited)				
Financial assets at FVOCI:				
– Listed equity instruments	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 instruments	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 liabilities at FVPL:				
– Derivative financial instruments	–	–	(32,376)	(32,376)
	<u>172,320</u>	<u>–</u>	<u>6,549,113</u>	<u>6,721,433</u>

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)

(b) Valuation techniques used to determine fair values

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

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

(c) Valuation processes of the Group

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

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)

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

The following tables present the changes in level 3 fair value hierarchy items for the six months ended 30 June 2023 and year ended 31 December 2022:

	Financial assets at FVPL				Financial assets at FVOCI		Total
	Unlisted equity investments	Trade receivables	Structured bank deposits	Derivative financial instruments	Unlisted equity investments	Bills receivables	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022 (Audited)	791,364	176,407	225,811	38,324	2,869,542	3,262,355	7,363,803
Acquisitions	-	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 and 1 January 2023 (Audited)	843,317	121,304	51,374	35,076	1,998,758	3,531,660	6,581,489
Acquisitions	-	260,888	145,000	-	50,000	8,647,428	9,103,316
Disposals	-	(262,627)	(61,375)	-	-	(9,470,739)	(9,794,741)
Fair value gains/(losses) recognised in profit or loss	11,900	(3,424)	439	-	-	-	8,915
Fair value losses recognised in other comprehensive income	-	-	-	-	(322,341)	(890)	(323,231)
Exchange differences	23,116	-	-	1,459	237	-	24,812
At 30 June 2023 (Unaudited)	878,333	116,141	135,438	36,535	1,726,654	2,707,459	5,600,560

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)**(d) Fair value measurements using significant unobservable inputs (level 3)**
(continued)

The following tables present the changes in level 3 fair value hierarchy items for the six months ended 30 June 2023 and year ended 31 December 2022: (continued)

	Derivative financial instruments RMB'000
Financial liabilities at FVPL	
At 1 January 2022 (Audited)	(1,825,964)
Realisation of derivative financial instruments	2,688,011
Fair value losses recognised in profit or loss	(894,423)
At 31 December 2022 and 1 January 2023 (Audited)	(32,376)
Fair value gains recognised in profit or loss	16,400
Exchange differences	(1,677)
At 30 June 2023 (Unaudited)	(17,653)

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)

(e) Valuation inputs and relationships to fair value

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

Financial instruments	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Financial assets at FVPL – Unlisted equity investments – Trade receivables – Structured bank deposits – Derivative financial instruments	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow; expected recovery date; risk-adjusted discount rates that correspond to the expected risk level ranging from 1.2% to 18.0% (31 December 2022: 1.0% 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 (ii) Net asset value approach (iii) Market comparison approach	Expected future cash flow; expected recovery date; risk-adjusted discount rates that correspond to the expected risk level at 1.8% (31 December 2022: 1.2%) N/A Discount for lack of marketability at 20.6% (31 December 2022: 12.3% to 20.6%)	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 N/A 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 rate that correspond to the expected risk level at 7.5% (31 December 2022: 7.5%)	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

Interim Condensed Consolidated Financial Statements

4 FAIR VALUE ESTIMATION (continued)

(f) Sensitivity analysis

The sensitivity analysis below has been determined based on the change of rate of return in isolation used in expected 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 six months ended 30 June 2023 would have decreased/increased by approximately RMB24,759,000 (year ended 31 December 2022: RMB52,570,000) as a result of the changes in fair value of the financial assets.

5 OPERATING SEGMENT INFORMATION

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

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

The Group disposed of a subsidiary which represented a separate major line of education business in Australia during the six months ended 30 June 2022 and was classified as discontinued operation. Although the Group still holds a shareholding of the entity which has significant influence and will closely monitor and assess the performance of the business as part of healthcare, education and others segment, the segment information reported does not include any amounts for the discontinued operation separately presented.

Interim Condensed Consolidated Financial Statements

5 OPERATING SEGMENT INFORMATION (continued)

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, penalty on past late payment on a borrowing, 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, deposit received for disposal of a subsidiary, accrual for the penalty on past late payment on a borrowing, certain lease liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Interim Condensed Consolidated Financial Statements

5 OPERATING SEGMENT INFORMATION (continued)

	For the six months ended 30 June 2023 (Unaudited)					Total RMB'000
	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare, education and others RMB'000	New energy RMB'000	
Segment revenue:						
Sales to external customers	126,650	160,994	1,567	4,709	11,257,595	11,551,515
Fair value changes in financial instruments	-	-	22,682	-	(3,424)	19,258
Segment results	55,255	(14,222)	(21,491)	(1,596)	704,989	722,935
Reconciliation:						
Unallocated bank interest income (Note 8)						56,298
Unallocated interest income on deferred consideration (Note 8)						4,457
Unallocated income and losses						125,832
Corporate and other unallocated expenses						(124,940)
Finance costs (Note 11)						(604,576)
Profit before tax from continuing operations						<u>180,006</u>
Segment assets at 30 June 2023 (Unaudited)	6,660,874	1,469,888	3,125,521	256,412	34,203,824	45,716,519
Reconciliation:						
Corporate and other unallocated assets						10,790,356
Total assets at 30 June 2023 (Unaudited)						<u>56,506,875</u>
Segment liabilities at 30 June 2023 (Unaudited)	1,388,533	90,770	200,997	2,219	14,955,577	16,638,096
Reconciliation:						
Corporate and other unallocated liabilities						21,906,771
Total liabilities at 30 June 2023 (Unaudited)						<u>38,544,867</u>

Interim Condensed Consolidated Financial Statements

5 OPERATING SEGMENT INFORMATION (continued)

	For the six months ended 30 June 2022 (Unaudited)					Total RMB'000
	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare, education and others RMB'000	New energy RMB'000	
Segment revenue:						
Sales to external customers	129,865	155,331	5,783	3,566	9,685,586	9,980,131
Fair value changes in financial instruments	–	(867,691)	4,054	–	960	(862,677)
Segment results	19,978	(866,370)	973,557	1,772	503,711	632,648
Reconciliation:						
Unallocated bank interest income (Note 8)						52,672
Unallocated extension interest income (Note 8)						21,373
Unallocated interest income on deferred consideration (Note 8)						2,646
Unallocated income and losses						119,741
Corporate and other unallocated expenses						(28,527)
Finance costs (Note 11)						(379,175)
Profit before tax from continuing operations						<u>421,378</u>
Segment assets at						
31 December 2022 (Audited)	6,971,381	1,525,309	3,339,118	254,871	32,168,032	44,258,711
Reconciliation:						
Corporate and other unallocated assets						<u>10,971,123</u>
Total assets at						
31 December 2022 (Audited)						<u><u>55,229,834</u></u>
Segment liabilities at						
31 December 2022 (Audited)	1,356,548	88,622	170,512	2,165	15,308,104	16,925,951
Reconciliation:						
Corporate and other unallocated liabilities						<u>20,183,635</u>
Total liabilities at						
31 December 2022 (Audited)						<u><u>37,109,586</u></u>

Interim Condensed Consolidated Financial Statements

5 OPERATING SEGMENT INFORMATION (continued)

Revenue from external customers by locations of customers

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
The PRC	10,296,043	8,694,245
United States of America	768,303	793,333
Europe	55,568	67,201
Australia	114,956	137,737
Other countries	316,645	287,615
	11,551,515	9,980,131

Interim Condensed Consolidated Financial Statements

6 REVENUE

An analysis of revenue from continuing operations is as follows:

	For the six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue from contracts with customers		
Properties segment:		
– Property development and sales	154	1,461
– Construction services	444	1,132
	598	2,593
Tourism segment:		
– Hotel operations	152,827	152,539
– Sales of tourist goods and services	8,167	2,792
	160,994	155,331
New energy segment:		
– Sale of gear products	8,250,777	6,641,397
– Trading of goods	3,006,818	3,044,189
	11,257,595	9,685,586
Investment and financial services segment:		
– Investment and financial consulting services	1,567	5,783
Healthcare, education and others segment:		
– Education services	4,635	3,566
– Healthcare products and other services	74	–
	4,709	3,566
	11,425,463	9,852,859
Revenue from other sources		
Properties segment:		
– Gross rental income	126,052	127,272
	11,551,515	9,980,131

Interim Condensed Consolidated Financial Statements

6 REVENUE (continued)

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Timing of revenue recognition:		
– Recognised at a point in time	11,265,990	9,689,839
– Recognised over time	159,473	163,020
	11,425,463	9,852,859

7 NET FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
From continuing operations:		
Fair value gains/(losses) in financial assets at FVPL	2,858	(927)
Fair value gains/(losses) in derivative financial instruments (Note)	16,400	(861,750)
	19,258	(862,677)

Note:

The fair value changes from derivative financial instruments for the six months ended 30 June 2022 was mainly derived from the fair value change of a revised forward sale and purchase agreement to acquire certain equity interest of Shanghai Joyu Culture Communication Company Limited ("Shanghai Joyu").

Interim Condensed Consolidated Financial Statements

8 OTHER INCOME

		For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
Note		RMB'000	RMB'000
From continuing operations:			
		56,298	52,672
		–	21,373
		4,457	2,646
		17,574	21,413
		14,240	32
		18,164	21,276
		39,802	46,316
		38,734	26,970
		15,111	16,441
		204,380	209,139

Notes:

- (i) The amount represented extension interest received from deferred payment of consideration for the Group's disposal of 43% equity interest in Nanjing High Speed Gear Manufacturing Co., Ltd. (南京高速齒輪製造有限公司) ("**Nanjing High Speed**") during the six months ended 30 June 2022. The consideration was received in full during the year ended 31 December 2022.
- (ii) Other interest income is principally derived from loan receivables and other financial assets at amortised cost.
- (iii) Government grants represented mainly grants from the PRC's local authority to support local companies. There are no unfulfilled conditions or contingencies attaching to these grants.

Interim Condensed Consolidated Financial Statements

9 OTHER GAINS – NET

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
From continuing operations:		
Fair value gains/(losses) of investment properties	429	(111)
(Losses)/gains on disposal of property, plant and equipment	(462)	372
Loss on swap contracts	(18,305)	(6,018)
Reversal of/(provision for) impairment losses on property, plant and equipment	11,680	(49)
Foreign exchange gains – net	187,506	91,714
Others	1,963	(4,198)
	182,811	81,710

Interim Condensed Consolidated Financial Statements

10 EXPENSES BY NATURE

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
From continuing operations:		
Staff costs		
– Salaries and other benefits	903,776	829,327
– Pension scheme contributions	74,180	36,744
Cost of inventories sold	8,846,440	7,590,920
Cost of properties sold	151	1,369
Depreciation of property, plant and equipment	294,224	242,572
Depreciation of right-of-use assets	16,677	17,042
Advertising expenses	11,941	8,484
Write-down of inventories	17,079	66,841
Amortisation of other intangible assets	34,855	34,910
Penalty on past late payment on a borrowing (Note 23(b))	100,000	–
Others	657,731	702,555
	10,957,054	9,530,764
Represented by:		
– Cost of sales and services provided	9,697,332	8,526,813
– Selling and distribution expenses	277,583	230,530
– Administrative expenses	522,780	407,720
– Research and development costs	459,359	365,701
	10,957,054	9,530,764

Interim Condensed Consolidated Financial Statements

11 FINANCE COSTS

	For the six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
From continuing operations:		
Interest on bank and other borrowings	476,166	324,347
Less: Interest capitalised at rates ranging from 3.95% to 4.05% (six months ended 30 June 2022: 9%) per annum	(1,075)	(29,931)
	475,091	294,416
Interest on lease liabilities	485	644
Unwinding of discount on written put option liability	129,000	84,115
	604,576	379,175

12 INCOME TAX EXPENSES

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

	For the six months ended 30 June 2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
From continuing operations:		
Current tax – charge for the period		
– The PRC	135,752	423,247
– Hong Kong	5,637	286
– Australia	298	–
– Others	5,434	17
Over provision in respect of prior years	(73,755)	(22,830)
Deferred tax	(63,372)	(43,865)
	9,994	356,855

Interim Condensed Consolidated Financial Statements

12 INCOME TAX EXPENSES (continued)

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

PRC CIT has been provided at the rate of 25% (six months ended 30 June 2022: 25%) on the taxable profits of the Group's PRC subsidiaries, except those listed below, for the six months ended 30 June 2023. The decrease in PRC CIT in the current period was mainly attributable to a one-off tax of RMB315,140,000 arising from the partial disposal of a subsidiary in March 2022.

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

Name of company	Year ended during which approval was obtained
Nanjing High Speed	31 December 2020 (Note)
Nanjing High Speed & Accurate Gear (Group) Co., Ltd. ("Nanjing High Accurate")	31 December 2020 (Note)
Nanjing High Accurate Rail Transportation Equipment Co., Ltd. ("Rail Transportation")	31 December 2020 (Note)
NGC (Baotou) Transmission Equipment Co., Ltd.	31 December 2021
Jiangsu Green Lighting Engineering Co., Ltd.	31 December 2021

Note:

The approvals of preferential tax rate of Nanjing High Speed, Nanjing High Accurate and Rail Transportation were all issued on 2 December 2020. The preferential tax rate was applicable for 3 years when it was first approved by the taxation authority. As at the end of the reporting period, Nanjing High Speed, Nanjing High Accurate and Rail Transportation are in the processes of applying to renew the qualification of the high technology development enterprises to continuously enjoy the preferential tax rate, and expected that successful renewals could be obtained by the end of 2023.

Interim Condensed Consolidated Financial Statements

12 INCOME TAX EXPENSES (continued)

(b) PRC land appreciation tax (“LAT”)

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

(c) Other corporate income tax

Enterprises incorporated in other places other than the PRC are subject to income tax rates of 8.25% to 30% (six months ended 30 June 2022: 8.25% to 30%) prevailing in the places in which these enterprises operated for the six months ended 30 June 2023.

13 DIVIDENDS

The board of directors has resolved not to declare any interim dividend for the six months ended 30 June 2023 and 2022.

Interim Condensed Consolidated Financial Statements

14 (LOSS)/EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Loss from continuing operations attributable to equity shareholders of the Company	(172,544)	(94,776)
Profit from discontinued operation attributable to equity shareholders of the Company	–	141,499
(Loss)/profit attributable to equity shareholders of the Company	(172,544)	46,723
Weighted average number of ordinary shares in issue	26,514,675,331	20,047,139,447
Basic (loss)/earnings per share (RMB per share)		
– From continuing operations attributable to equity shareholders of the Company	RMB(0.007)	RMB(0.005)
– From discontinued operation attributable to equity shareholders of the Company	–	RMB0.007
	RMB(0.007)	RMB0.002

Interim Condensed Consolidated Financial Statements

14 (LOSS)/EARNINGS PER SHARE (continued)

There were no potential dilutive ordinary shares outstanding due to outstanding share options for both the six months ended 30 June 2023 and 2022. For the six months ended 30 June 2023, 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 six months ended 30 June 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 2,955,805,000 new shares allotted upon the completion of the share placement on 9 June 2022.

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

During the six months ended 30 June 2023, additions to property, plant and equipment and right-of-use assets amounted to RMB1,394,677,000 (six months ended 30 June 2022: RMB1,139,202,000) and RMB55,825,000 (six months ended 30 June 2022: RMB20,806,000) respectively.

Property, plant and equipment with a net book value of RMB4,117,000 (six months ended 30 June 2022: RMB11,855,000) were disposed of by the Group during the six months ended 30 June 2023, resulting in net losses on disposal of RMB462,000 (six months ended 30 June 2022: net gains on disposal of RMB372,000).

Interim Condensed Consolidated Financial Statements

16 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 other comprehensive income; and
- Other non-equity investments that do not qualify for measurement at either amortised cost or FVOCI.

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
	Note		
Non-current assets			
Derivative financial instruments	(i)	36,535	35,076
Unlisted equity investments	(ii)	399,500	387,600
		436,035	422,676
Current assets			
Listed equity investments	(iii)	66,758	69,877
Unlisted equity investments	(ii)	478,833	455,717
Trade receivables measured at FVPL	(iv)	116,141	121,304
Structured bank deposits	(v)	135,438	51,374
		797,170	698,272
		1,233,205	1,120,948

Interim Condensed Consolidated Financial Statements

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(continued)

Note:

(i) Derivative financial instruments

Pursuant to the sale and purchase agreement entered into between Fullshare Investment Management II Limited, the general partner of Fullshare Value Fund I (A) L.P., a joint venture of the Group and the purchaser dated on 30 August 2019 ("**GSH Disposal Agreement**"), the Company is entitled to 23% of distributable proceeds, if any, after the qualifying transactions as specified in the GSH Disposal Agreement ("**Qualifying Transactions**") are completed. As at 30 June 2023, the Qualifying Transactions have not been completed. The separate derivative associated with GSH Disposal Agreement was measured at FVPL amounting to RMB36,535,000 (31 December 2022: RMB35,076,000).

(ii) Unlisted equity investments

In December 2020, the Group entered into three limited partnership agreements in respect of the establishment of partnerships in the PRC. Pursuant to the limited partnership agreements, the Group contributed RMB120,000,000, RMB120,000,000 and RMB100,000,000 respectively as a limited partner, which had been paid up by the Group to the partnerships. As at 30 June 2023, these investments had an aggregate fair value of RMB399,500,000 (31 December 2022: RMB387,600,000), and an aggregate fair value gain of RMB11,900,000 (six months ended 30 June 2022: RMB11,900,000) was recognised in profit or loss during the six months ended 30 June 2023.

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

(iii) The balances as at 30 June 2023 and 31 December 2022 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 on that date. The directors of the Company consider that the closing prices of these securities are the fair values of these investments.

Interim Condensed Consolidated Financial Statements

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(continued)

Note: (continued)

(iii) (continued)

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Zall Smart Commerce Group Ltd. (2098.SEHK)	27,407	28,269
Nanjing Sample Technology Company Limited (1708.SEHK)	39,351	41,608
	66,758	69,877

(iv) Trade receivables measured at FVPL

As at 30 June 2023, trade receivables held solely for selling purpose amounting to RMB116,141,000 (31 December 2022: RMB121,304,000) were classified as financial assets at FVPL. For the six months ended 30 June 2023, fair value loss of RMB3,424,000 (six months ended 30 June 2022: RMB961,000) was recognised in "Net fair value changes in financial instruments".

(v) Structured bank deposits

As at 30 June 2023, structured bank deposits of RMB135,438,000 (31 December 2022: RMB51,374,000) represented financial instruments placed by the Group to two (31 December 2022: one) banks in the PRC for a term of less than one year. The contracts guarantee principal and proceeds are related to the performance of exchange rate.

Interim Condensed Consolidated Financial Statements

17 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 payments of principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial asset.

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Non-current assets			
Listed equity investments	(i)	92,209	102,443
Unlisted equity investments	(ii)	1,721,837	1,994,178
		1,814,046	2,096,621
Current assets			
Debt investments – Bills receivables	(iii)	2,707,459	3,531,660
Unlisted equity investments	(ii)	4,817	4,580
		2,712,276	3,536,240
		4,526,322	5,632,861

Interim Condensed Consolidated Financial Statements

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

Note:

- (i) As at 30 June 2023, the balances represented the Group's investment in Riyue Heavy Industry Co., Ltd. (日月重工股份有限公司, 603218.SHSE) amounting to RMB15,822,000 (31 December 2022: RMB16,914,000), investment in Class A ordinary shares and Class B ordinary shares of Tuniu Corporation (TOUR.NASDAQ) amounting to RMB44,112,000 (31 December 2022: RMB38,381,000), investment in China PengFei Group Limited (中國鵬飛集團有限公司, 3348.SEHK) amounting to Nil (31 December 2022: RMB17,808,000) and investment in Sany Renewable Energy Co., Ltd. (三一重能股份有限公司, 688349.SHSE) amounting to RMB32,275,000 (31 December 2022: RMB29,340,000).
- (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 was revalued on 30 June 2023 and 31 December 2022 based on valuations performed by an independent professional qualified valuer by net asset value approach. As at 30 June 2023, the fair value of Zheshang Fund amounted to RMB1,276,354,000 (31 December 2022: RMB1,541,019,000) is classified as non-current asset and a fair value loss of RMB264,665,000 (six months ended 30 June 2022: RMB52,796,000) was recognised in other comprehensive income for the six months ended 30 June 2023.

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 Company, entered into an agreement with other ten companies in respect of the establishment of a company in the PRC named Jiangsu Minying Investment Holding Limited (江蘇民營投資控股有限公司) ("**Jiangsu Investment**"). As at 30 June 2023, capital contribution of RMB400,000,000 (31 December 2022: RMB400,000,000) was invested by the Group. The investment in Jiangsu Investment was revalued by net asset value approach with reference to net asset value of financial statements of Jiangsu Investment. As at 30 June 2023, the fair value of the investment in Jiangsu Investment amounted to RMB317,510,000 (31 December 2022: RMB329,065,000).

The remaining amounts include the unlisted equity investments with individual amount less than RMB200,000,000.

Interim Condensed Consolidated Financial Statements

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

Note: (continued)

- (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.

For the six months ended 30 June 2023, fair value loss of RMB890,000 (six months ended 30 June 2022: fair value gain of RMB11,636,000) for bills receivables was recognised in other comprehensive income.

18 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES)

(i) Loan receivables

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Loans to third parties (Note)	1,343,781	1,282,026
Loan to an associate	103,132	100,682
Less: Loss allowance	(524,075)	(512,044)
	922,838	870,664
Represented:		
– Current portion	791,221	725,606
– Non-current portion	131,617	145,058
	922,838	870,664

Note:

During the six months ended 30 June 2023, the Group received repayments from and granted several new loans to independent third parties amounting to RMB117,385,000 and RMB254,000,000 respectively.

Interim Condensed Consolidated Financial Statements

18 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) (continued)**(ii) Consideration receivables**

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Consideration receivables (Note)	354,170	350,507
Less: Loss allowance	(66,589)	(11)
	287,581	350,496
Represented:		
– Current portion	133,411	199,989
– Non-current portion	154,170	150,507
	287,581	350,496

Note:

As at 30 June 2023, consideration receivables include deferred consideration receivable for disposal of 72.71% equity interest in Sparrow Early Learning Pty Limited ("**Sparrow**"), an associate of the Group, amounting to AUD32,000,000 (equivalent to RMB154,170,000) (31 December 2022: AUD32,000,000 (equivalent to RMB150,507,000)) and consideration receivable for disposal of equity interest of Shanghai Joyu amounting to RMB200,000,000 (31 December 2022: RMB200,000,000). The disposal of Sparrow was completed in March 2022 whilst the consideration is receivable by instalments and bears an interest at 6% per annum. The disposal of Shanghai Joyu was completed in October 2022, and the consideration receivable is past due as at 30 June 2023.

Further details of the consideration receivables for disposal of Sparrow and Shanghai Joyu are set out in Notes 49 and 50 to the Group's 2022 annual consolidated financial statements.

Interim Condensed Consolidated Financial Statements

18 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) (continued)**(iii) Other receivables**

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Amounts due from third parties		
– Deposit for land lease	75,000	75,000
– Receivables from the former subsidiaries of the bundle transaction	517,375	513,755
– Receivables from an insurance company (Note 18(iv))	1,123,843	–
– Refundable deposit (Note)	64,814	61,839
– Others	1,187,453	1,374,973
	2,968,485	2,025,567
Amounts due from joint ventures	868	826
Amounts due from associates	49,800	54,623
	3,019,153	2,081,016
Less: Loss allowance	(581,267)	(534,582)
	2,437,886	1,546,434

Note:

On 22 June 2022, the Group entered into a non-legally binding memorandum of understanding with an independent third party (the "**Potential Vendor**") in relation to a possible conditional voluntary cash offer for 100% equity interest in an entity (the "**Possible Sale and Purchase**"). A refundable earnest deposit of HK\$70,000,000 was paid to the Potential Vendor accordingly. On 30 September 2022, a supplemental agreement was entered into pursuant to which if, among others, no definitive agreement in respect of the Possible Sale and Purchase was entered into on or before 31 March 2023, the Potential Vendor shall refund and return in full the earnest deposit (without any income accrued thereon) to the Group within 7 business days. Up to 31 March 2023, no definitive agreement has been reached with the Potential Vendor. As at 30 June 2023, the deposit has yet to be refunded and such amount, pursuant to the memorandum of understanding is unsecured and bears an interest at 10% per annum.

Interim Condensed Consolidated Financial Statements

18 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) (continued)**(iv) Other financial assets at amortised cost**

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Other financial assets at amortised cost		
– Amounts due from a third party (Note)	–	1,111,142
Less: Loss allowance	–	(237)
	–	1,110,905

Note:

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

In February and March 2023, the Group submitted the policy surrender requests to the insurance company to withdraw the cash value of insurance products. The difference between the aggregate cash value of RMB1,123,843,000 as calculated in accordance with relevant contracts and aggregate carrying value of RMB1,116,395,000 at the redemption dates is recognised in profit or loss.

As at 30 June 2023, the net proceeds of RMB1,123,843,000 are yet to be received and are recognised in other receivables.

19 TRADE RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables		
– Amounts due from third parties	7,934,262	7,841,003
– Amounts due from joint ventures	2,502	1,953
Less: Loss allowance	(739,320)	(714,586)
	7,197,444	7,128,370

Interim Condensed Consolidated Financial Statements

19 TRADE RECEIVABLES (continued)

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 90 days	5,665,017	5,933,756
91 to 180 days	548,732	419,413
181 to 365 days	622,253	417,462
Over 365 days	361,442	357,739
	7,197,444	7,128,370

The Group generally allows a credit period of 90 days (31 December 2022: 90 days) to its trade customers and 180 days (31 December 2022: 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 joint ventures are unsecured, interest-free and repayable on credit terms similar to those offered to the major customers of the Group.

As at 30 June 2023, trade receivables with carrying amount of RMB398,826,000 (31 December 2022: RMB398,826,000) were pledged as collateral for the Group's borrowings (Note 26).

Interim Condensed Consolidated Financial Statements

20 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Cash and bank balances	9,141,131	9,458,313
Less: Restricted cash		
– Pledged bank deposits	(4,555,978)	(4,897,224)
– Restricted bank deposits	(80,411)	(27,281)
	(4,636,389)	(4,924,505)
Cash and cash equivalents	4,504,742	4,533,808

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 deposits earn interest at the respective time deposit rates. Bank balances, pledged bank deposits and restricted bank deposits are deposited with creditworthy banks with no recent history of default. As at 30 June 2023, certain bank accounts with accumulated balances of RMB59,406,000 are 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. Subsequent to 30 June 2023, a settlement agreement was entered into with the plaintiff and three of those frozen bank accounts with accumulated balances of RMB58,904,000 are released accordingly.

Interim Condensed Consolidated Financial Statements

21 TRADE AND BILLS PAYABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade payables		
– Amounts due to third parties	4,458,855	4,471,334
– Amount due to an associate	18	18
Bills payables	5,670,407	5,916,252
	10,129,280	10,387,604

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 90 days	6,620,659	6,149,987
91 to 180 days	2,846,749	2,036,127
181 to 365 days	322,684	1,843,449
Over 365 days	339,188	358,041
	10,129,280	10,387,604

Amount due to an associate included in trade and bills payables is repayable within 90 days (31 December 2022: 90 days), which represents credit terms similar to those offered by the associate to its major customers.

Trade payables are interest-free and are normally settled on terms of 90 to 180 days (31 December 2022: 90 to 180 days).

Interim Condensed Consolidated Financial Statements

22 OTHER PAYABLES AND ACCRUALS

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Accruals		1,344,946	1,181,546
Amounts due to associates	(i)	17,636	17,636
Refundable deposit received	(ii)	644,000	644,000
Other tax payables		193,349	213,329
Other payables		448,243	419,133
Payroll and welfare payables		134,808	261,695
Liability arising from financial guarantee contracts		3,045	3,417
Payables for purchase of property, plant and equipment		322,594	522,501
		3,108,621	3,263,257

Note:

- (i) Amounts due to associates are non-trade nature, unsecured, interest-free and repayable within 180 days (31 December 2022: 180 days).
- (ii) It represented refundable deposit received from Neoglory Prosperity Inc. (新光圓成股份有限公司) for the possible sale and purchase of the shares of CHS held by the Group in 2018. Details of the transaction, the legal action taken by Neoglory Prosperity Inc. to seek for the refund of the deposit and the settlement arrangement are set out in Note 37(a) of the Group's 2022 annual consolidated financial statements. No repayment was made by the Group during the six months ended 30 June 2023. It is considered that the repayments of the outstanding balance could be fulfilled through internal funding or sale of certain non-major assets and will not have a significant impact to the Group's operations.

Interim Condensed Consolidated Financial Statements

23 BANK AND OTHER BORROWINGS

	30 June 2023		31 December 2022	
	Current	Non-current	Current	Non-current
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
Secured				
– Bank loans	731,383	3,549,718	278,328	3,142,417
– Loans from other financial institutions	1,426,068	139,452	1,574,803	–
– Loans from other third parties	784,509	–	808,810	–
Total secured borrowings	2,941,960	3,689,170	2,661,941	3,142,417
Unsecured				
– Bank loans	3,885,243	1,999,605	4,316,749	849,756
– Loans from ultimate holding company	1,288,196	–	1,252,484	–
– Loan from a joint venture	194,953	–	185,354	–
– Loans from other financial institutions	–	267,800	–	275,000
– Loans from other third parties	188,683	27,585	192,321	44,040
Total unsecured borrowings	5,557,075	2,294,990	5,946,908	1,168,796
	8,499,035	5,984,160	8,608,849	4,311,213

Bank and other borrowings carry interests ranging from 0% to 12% (31 December 2022: 0% to 12%) per annum. As at 30 June 2023, loans from ultimate holding company of RMB1,288,196,000 (31 December 2022: RMB1,252,484,000) are interest-free and the loan from a joint venture of RMB194,953,000 (31 December 2022: RMB185,354,000) carries an effective interest rate at 8% (31 December 2022: 8%) per annum.

Interim Condensed Consolidated Financial Statements

23 BANK AND OTHER BORROWINGS (continued)

Bank and other borrowings are repayable as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within one year or on demand	8,499,035	8,608,849
Between one and two years	2,768,102	1,338,702
Between two and five years	1,821,037	1,892,357
Over five years	1,395,021	1,080,154
	14,483,195	12,920,062

Notes:

- (a) Certain of the Group's bank and other borrowings are secured by:
- (i) All of the equity interests in Fullshare Dazu and NGC (Huai'an) 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 the ultimate holding company.
 - (iii) The Group's assets as disclosed in Note 26.

In addition to these, certain of the Group's equity interests in CHS were pledged as at 31 December 2022. The corresponding loan was fully repaid during the six months ended 30 June 2023.

In addition, bank and other borrowings of RMB818,650,000 (31 December 2022: RMB900,093,000) were guaranteed by Mr. Ji. Changqun ("**Mr. Ji**"). Bank and other borrowings of RMB1,100,519,000 (31 December 2022: RMB1,132,103,000) were guaranteed by Mr. Ji and a close family member of Mr. Ji.

- (b) As at 31 December 2020, a loan from Huarong International Trust Co., Ltd. (the "**Lender**") with principal amounting to RMB500,000,000 ("**Principal**") was past due. Two investment properties of the Group are pledged as security (the "**Pledged Properties**"). The Pledged Properties were put up for auction by the Lender during the year ended 31 December 2021. However, such auction met with no response.

Interim Condensed Consolidated Financial Statements

23 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

(b) (continued)

On 26 January 2022, the Group signed a settlement agreement with the Lender and rescheduled the repayment 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. During the year ended 31 December 2022, the Group repaid only RMB137,444,000 over the Principal and defaulted in repayment of the outstanding balance, and the legal charges over the Pledged Properties remains.

During the six months ended 30 June 2023, the Lender reinitiated the legal action and obtained the enforcement order from the court to mandate the Group to fulfil the repayment obligation, bear the default interest and fee in accordance with the relevant agreement. Accordingly, a past late payment of RMB100,000,000 (Note 10) and a default interest of RMB71,355,000 were recognised in profit and loss. Up to the date of these interim condensed consolidated financial statements, the Group is still negotiating the repayment schedule with the Lender while the Pledged Properties with fair value of RMB1,202,826,000 as at 30 June 2023 is not confiscated by the Lender. Management considers that the repayments could be made in full through internal fundings and will not have a significant impact to the Group's operations.

- (c) On 12 March 2018, the Group entered into a sale and leaseback agreement with Great Wall Guosing Financial Leasing Co., Ltd. (the "**Lessor**") with principal amounting to RMB500,000,000. An investment property was pledged as security. On 24 October 2022, the Group entered into a settlement agreement with the Lessor to further provide the entire equity interests in Fullshare Dazu ("**Secured Shares**") as security.

During the six months ended 30 June 2023, the Lessor initiated a legal proceeding to freeze the Secured Shares. On 25 May 2023, the Group entered into a renewed settlement agreement with the Lessor to extend the repayment of the outstanding principal of approximately RMB215,583,000 for two years from the date of renewed settlement agreement. Up to the date of these interim condensed consolidated financial statements, the Secured Shares remain frozen by the court order in the PRC.

- (d) During the six months ended 30 June 2023, certain of the borrowings (including the aforesaid loan from the Lender) with principal amounting to RMB722,518,000 were overdue (31 December 2022: RMB335,363,000). Overdue interest of RMB93,608,000 (six months ended 30 June 2022: RMB9,801,000) was recognised during the six months ended 30 June 2023. 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 interim condensed 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.

Interim Condensed Consolidated Financial Statements

24 CONTINGENT LIABILITIES

As at 30 June 2023, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

- (i) As at 30 June 2023, the Group provided financial guarantees to one associate (31 December 2022: one associate) and four independent third parties (31 December 2022: four independent third parties) in favour of bank loans of RMB32,022,000 (31 December 2022: RMB40,020,000) and RMB1,220,000,000 (31 December 2022: RMB1,219,000,000), respectively. These amounts represented the balances that the Group could be required to be paid if the guarantees were called upon in its entirety. As at 30 June 2023 and 31 December 2022, the legal title of certain investment properties provided as a financial guarantee to an entity ("**Warrantee**") with carrying value of RMB142,980,000 (31 December 2022: RMB142,980,000) were frozen by the PRC's court order. Up to the date of these interim condensed consolidated financial statements, those investment properties are neither released from being frozen 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 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 30 June 2023 and 31 December 2022.

At the end of the reporting period, an amount of RMB3,045,000 (31 December 2022: RMB3,417,000) has been recognised in the interim condensed consolidated financial statements as liabilities for the financial guarantees.

- (ii) On 30 August 2019, a sale and purchase agreement was entered into between an independent third party (the "**Purchaser**"), Fullshare Value Fund I (A) L.P. (the "**Vendor**"), a joint venture of the Group, and the general partner of the Vendor, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, 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.

Interim Condensed Consolidated Financial Statements

24 CONTINGENT LIABILITIES (continued)

(ii) (continued)

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

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 30 June 2023 and 31 December 2022.

25 CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Contracted, but not provided for:		
– Property, plant and equipment	2,233,677	3,117,804
– Capital contributions to associates	133,000	133,000
– Capital contributions to joint ventures	50,000	50,000
	2,416,677	3,300,804

Interim Condensed Consolidated Financial Statements

26 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:

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Property, plant and equipment		1,932,576	1,661,522
Investment properties		4,785,005	4,803,265
Right-of-use assets		346,480	269,570
Trade receivables	19	398,826	398,826
Financial assets at FVOCI		861,671	1,034,234
Properties under development		98,983	98,935
Properties held for sale		49,908	49,915
Pledged bank deposits		4,555,978	4,897,224
		13,029,427	13,213,491

Interim Condensed Consolidated Financial Statements

27 RELATED PARTY TRANSACTIONS

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

(i) Transactions with related parties

		For the six months ended 30 June	
		2023	2022
		(Unaudited)	(Unaudited)
	Note	RMB'000	RMB'000
Associates:			
– Interest income	(a)	2,981	1,743
– Dividend received		2,900	–
Joint ventures:			
– Interest expense	(b)	7,384	6,907
The subsidiaries of the Group's ultimate shareholder:			
– Management service income	(c)	301	248
– Rental income and recharges	(d)	–	900
The Group's ultimate shareholder:			
– Loans received	(e)	41,047	664,095
– Repayment of loans	(e)	21,500	647,630

Notes:

- (a) The interest income is derived from a loan to Sparrow. During the six months ended 30 June 2023, interest income of approximately RMB2,981,000 (six months ended 30 June 2022: RMB1,743,000) was recognised and the Group received outstanding interests of RMB2,995,000 (six months ended 30 June 2022: Nil).

Interim Condensed Consolidated Financial Statements

27 RELATED PARTY TRANSACTIONS (continued)

(i) Transactions with related parties (continued)

Notes: (continued)

- (b) On 13 March 2017, the Group entered into an agreement with Fullshare Value Fund I L.P. to borrow US\$53,739,000 (equivalent to RMB370,558,000) at an interest rate of 8% per annum. During the six months ended 30 June 2023, interest expense of RMB7,384,000 (six months ended 30 June 2022: RMB6,907,000) was recognised in profit or loss.
- (c) 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.
- (d) 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.
- (e) The Group entered into several loan agreements with Magnolia Wealth International Limited ("**Magnolia**"), the immediate and ultimate holding company of the Company. As at 30 June 2023, amounts due to Magnolia are interest-free and repayable on demand (31 December 2022: interest-free and repayable on demand). During the six months ended 30 June 2023, the Group received loans of RMB41,047,000 (six months ended 30 June 2022: RMB664,095,000) and repaid loans of RMB21,500,000 (six months ended 30 June 2022: RMB647,630,000).

(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 18(i)), other receivables (Note 18(iii)), trade receivables (Note 19), trade and bills payables (Note 21), other payables and accruals (Note 22) and bank and other borrowings (Note 23).

Interim Condensed Consolidated Financial Statements

27 RELATED PARTY TRANSACTIONS (continued)

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

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 were 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 Property Limited (南京德盈置業有限公司), a wholly-owned subsidiary of the Company, with gross floor areas of approximately 100,605 square meters with auxiliary facilities located at Yuhuatai District, Nanjing, Jiangsu Province, the PRC.

On 13 June 2018 and 20 September 2018, 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 30 June 2023.

As at 30 June 2023 and 31 December 2022, since the Granted Loans exceeded the outstanding amount of the Bank Loans, no provision for the obligations due to guarantee has been made.

Interim Condensed Consolidated Financial Statements

27 RELATED PARTY TRANSACTIONS (continued)

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

As at 30 June 2023 and 31 December 2022, a guarantee of HK\$8,000,000 (equivalent to RMB7,407,000 and RMB7,067,000 respectively) at maximum was provided by Mr. Ji to a subsidiary for securing its loan portfolio.

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Short term employee benefits	6,035	5,216
Post-employment benefits	277	236
Total compensations paid to key management personnel	6,312	5,452

28 EVENTS AFTER THE REPORTING PERIOD

On 28 July 2023, the Company entered into three subscription agreements with certain subscribers, pursuant to which the subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 5,306,000,000 subscription shares at a price of HK\$0.03515 per subscription share. Up to the date of these interim condensed consolidated financial statements, the subscriptions are yet to be completed pursuant to the subscription agreements. Details of the subscriptions are set out in the announcement of the Company dated 28 July 2023.

Additional Information Required by the Listing Rules

BUSINESS REVIEW

During the six months ended 30 June 2023 (the "**Period Under Review**"), the revenue of the Fullshare Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") was derived from property, tourism, investment and financial services, healthcare and education and new energy businesses.

(1) Property business

(a) Property sales

During the Period Under Review, the Group had no contracted sales while during the six months ended 30 June 2022 (the "**Corresponding Period of 2022**"), the Group had contracted sales for an aggregate gross floor area ("**GFA**") of approximately 152 sq.m. of approximately Renminbi ("**RMB**")1,580,000. The decrease in contracted sales and GFA was mainly because most of the projects have been completed and disposed of in previous years and the real estate market in the PRC has been relatively sluggish recently.

Additional Information Required by the Listing Rules

As at 30 June 2023, a breakdown of the major properties held by the Group in the PRC and their construction status was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area (sq.m.)	GFA Completed (sq.m.)	GFA under construction (sq.m.)	Accumulated contracted sales GFA (sq.m.)	Interest attributable to the Group
Yuhua Salon (雨花客廳) A1	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	33,606	79,287	-	60,300	100%
Yuhua Salon (雨花客廳) A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Hotel and office project	Completed	Completed	30,416	81,380	-	-	100%
Yuhua Salon (雨花客廳) C South	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	42,639	133,832	-	70,946	100%
Yuhua Salon (雨花客廳) C North	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Apartment and commercial project	Completed	Completed	48,825	189,193	-	68,707	100%
Xiangqi Villa (香麗名邸) 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%
Xiangqi Villa (香麗名邸) 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%
Xiangqi Villa (香麗名邸) 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	192	80%
Xiangqi Villa (香麗名邸) 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	22,738	-	18,625	80%
					257,042	512,035	69,448	218,770	

Additional Information Required by the Listing Rules

(b) Investment properties

As at 30 June 2023, 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	83,642	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%
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%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	2,691	100%

Additional Information Required by the Listing Rules

	Address	Existing use	Term of contract	GFA (sq.m.)	Interest attributable to the Group
Nantong					
Nantong Youshan Meidi Garden Project (南通優山美地花園項目)	No. 1888, Xinghu Avenue, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building Project (匯通大廈項目)	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project (鎮江優山美地花園項目)	At the cross of Guyang North Road and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC	Commercial	Medium-term covenant	10,085	100%
Weihai					
Weihai Project (威海項目)	Block 1, No. 229, Rongshan Road, Chengshan, Rongcheng City, Weihai, Shandong Province, the PRC	Commercial	Medium-term covenant	6,472	100%
				264,989	

(c) Green building services and entrusted construction services

During the Period Under Review, the Group engaged in provision of technical design and consulting services, green management services and entrusted construction services in the PRC. During the Period Under Review, the revenue from both green building services and entrusted construction services was approximately RMB444,000 (six months ended 30 June 2022: RMB1,132,000).

Additional Information Required by the Listing Rules

(2) Tourism business

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

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

The Sheraton project is located in Port Douglas, Queensland, Australia, a globally renowned tourist resort. The project comprises the Sheraton Mirage Resort and the Golf Club and has a total of 295 guest rooms, 7 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. As of the end of June 2023, the average price of AUD417 ranked first, with an occupancy rate of 59.2%.

During the Period Under Review, Nanjing Five Seasons Hotel is located in the Software Valley, Nanjing, Jiangsu Province, the PRC with a land lot site area of 30,416.26 sq.m. and a total GFA of 81,379.8 sq.m.. During the Period Under Review, the hotel's 9th and 6th floors have been put into full operation.

Additional Information Required by the Listing Rules

(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 Period Under Review, this segment recorded a loss of approximately RMB21,491,000 (six months ended 30 June 2022: profit of RMB973,557,000). The significant change was mainly because there was a material reversal of impairment losses recognised for certain financial assets upon collection of default loans for the Corresponding Period of 2022 while no such material repayments from defaulted borrowers occurred during the Period Under Review.

(a) Listed equity investments held for trading

The portfolio of listed equity investments of the Group held for trading as at 30 June 2023 and 31 December 2022 is set out as below:

As at 30 June 2023

Stock code	Name	Number of shares held (Note 2)	Effective shareholding interest	Acquisition cost RMB'000	Carrying amount RMB'000	Unrealised holding gain/ (loss) arising on revaluation for the period RMB'000	Realised gain/ (loss) arising from the disposal for the period RMB'000	Dividend received/ receivable for the period RMB'000
2098.HK/(Note 1)	Zall Smart Commerce Group Ltd	80,000,000	0.65%	31,137	27,407	(2,178)	-	-
1708.HK/(Note 1)	Nanjing Sample Technology Company Limited	10,000,000	1.26%	50,641	39,351	(3,879)	-	-
					66,758	(6,057)	-	-

Notes:

- All of the above companies are listed companies on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").
- All of the shares held by the Group are ordinary shares of the relevant company.

Additional Information Required by the Listing Rules

As at 31 December 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	Realised gain/ (loss) arising from the disposal for the year	Dividend received/ receivable for the year
						RMB'000	RMB'000	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)	Zal Smart Commerce Group Ltd	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.
2. All of the shares held by the Group are ordinary shares of the relevant company.
3. China Saite Group Company Limited was delisted from the Stock Exchange with effect from 16 November 2022. Based on the latest financial information of China Saite Group Company Limited available to the public, it is assessed that these shares have no residual value.

Additional Information Required by the Listing Rules

(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 30 June 2023 and 31 December 2022 are set out as below:

As at 30 June 2023

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	1,276,354	(264,665)	-	-
Jiangsu Minying Investment Holding Limited* ("Jiangsu Investment") (江蘇民營投資控股有限公司) (Note 1)	400,000	317,510	(11,555)	-	14,000
		1,593,864	(276,220)	-	14,000

Note:

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

Additional Information Required by the Listing Rules

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	
Zheshang Fund	2,000,000	1,541,019	(401,411)	-	-	
Jiangsu Investment	400,000	329,065	(14,755)	-	16,000	
			1,870,084	(416,166)	-	16,000

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 stabilising its long term investment strategies.

As at 30 June 2023 and 31 December 2022, 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.

Additional Information Required by the Listing Rules

(4) Healthcare and education business and others

During the Period Under Review, the Group continued 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 RMB4,709,000 (six months ended 30 June 2022: RMB3,566,000).

(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 has 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 large-megawatt wind gear transmission equipment products such as 11MW and 12MW have been provided to domestic and overseas customers in bulk. During the Period under Review, 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. The wind gear transmission equipment is a major product that has been developed by the Group.

(b) Industrial gear transmission equipment

The Group's industrial gear transmission equipment products are widely applied by customers in industries such as metallurgy, construction materials, rubber and plastic, petrochemical, aerospace, mining, ports and engineering machinery.

Additional Information Required by the Listing Rules

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 standardised, modular and intelligent products which are internationally competitive and an 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 into new industries, particularly focusing on research and development and market expansion for products such as standard gear box and planetary gear box. These initiatives were carried out 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 and CRCC Certification for Railway Products 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 other countries and regions such as Singapore, Brazil, Netherlands, India, Mexico, Tunisia, Australia, Canada, France, Spain, Romania and Tanzania. With optimised 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.

Additional Information Required by the Listing Rules

(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 preliminary resources integration of the steel industry from upstream raw materials to special steel, which promotes the development of the trading business.

PROSPECT

In the second half of 2023, the Group will continue to pursue steady growth on existing business segments, combine with the layout of the big healthcare industry, pay 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 utilised, 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.

Additional Information Required by the Listing Rules

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 the first half of 2023, whilst there was a slight rebound in real estate in the first quarter, the second quarter was a trough period in China's real estate market where volumes and prices fell together with weakened customer demand, and the market has entered a downturn.

Management's response: A series of policies are still being 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. It is believed that these intensive policies will stimulate the overall economy and ultimately promote the development of the real estate market. The national economy will continue to recover, with an overall upturn. The Group will continue to pay 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.

Additional Information Required by the Listing Rules

Market competition

China's real estate market is seeing fierce competition, in the fields including but not limited to 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. In the first half of 2023, RMB continued to depreciate, the Group's operating cash flows and asset prices will be affected by 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.

Additional Information Required by the Listing Rules

FINANCIAL REVIEW

Revenue

The revenue of the Group from the continuing operations increased by approximately RMB1,571,384,000, or 16%, from approximately RMB9,980,131,000 for the Corresponding Period of 2022 to approximately RMB11,551,515,000 for the Period Under Review. The revenue from the continuing operations and the changes for the Period Under Review and Corresponding Period of 2022 derived from different segments are listed as below:

Segment	Period Under	Corresponding	Changes	
	Review	Period of 2022	RMB'000	percentage
	RMB'000	RMB'000	RMB'000	
Properties	126,650	129,865	(3,215)	(2)%
Tourism	160,994	155,331	5,663	4%
Investment and financial services	1,567	5,783	(4,216)	(73)%
Healthcare and education and others	4,709	3,566	1,143	32%
New Energy	11,257,595	9,685,586	1,572,009	16%
Total Revenue	11,551,515	9,980,131	1,571,384	16%

The increase in the revenue of the Group was mainly derived from new energy segment which contributed to the largest increment to the revenue of the Group amounting to approximately RMB1,572,009,000. It was mainly due to the increase in deliveries of wind gear transmission equipment.

The revenue from tourism segment increased by approximately RMB5,663,000. It is because during the Period Under Review, the gradual normalisation of the lives of Chinese citizens upon the relaxation of COVID-19 pandemic restrictions continuously contributed to the increase in the demand for staycation locally. As a result, the revenue increased in the Period Under Review.

The revenue from properties segment decreased slightly by approximately RMB3,215,000 which was mainly because fewer property units were delivered and less rental and construction services income were earned in the Period Under Review.

Additional Information Required by the Listing Rules

Cost of sales and services

The cost of sales and services of the Group from the continuing operations increased by approximately RMB1,170,519,000, or 14%, from approximately RMB8,526,813,000 for the Corresponding Period of 2022 to approximately RMB9,697,332,000 for the Period Under Review. The cost and changes from the continuing operations for the Period Under Review and Corresponding Period of 2022 derived from different segments are listed as below:

Segment	Period Under	Corresponding	Changes	
	Review	Period of 2022	RMB'000	percentage
	RMB'000	RMB'000		
Properties	44,592	47,895	(3,303)	(7)%
Tourism	137,620	134,604	3,016	2%
Investment and financial services	76	1,820	(1,744)	(96)%
Healthcare, education and others	3,170	2,501	669	27%
New energy	9,511,874	8,339,993	1,171,881	14%
Total cost	9,697,332	8,526,813	1,170,519	14%

Gross profit and gross profit margin

The gross profit of the Group from the continuing operations increased by approximately RMB400,865,000, or 28%, from approximately RMB1,453,183,000 in the Corresponding Period of 2022 to approximately RMB1,854,183,000 for the Period Under Review. The gross profit margin increased from 15% in the Corresponding Period of 2022 to 16% for the Period Under Review. The gross profit of the Group was mainly derived from new energy segment. The gross profit and gross profit margin for the Period Under Review derived from new energy segment were approximately RMB1,745,721,000 and 16% respectively. The gross profit and gross profit margin in the Corresponding Period of 2022 derived from new energy segment were RMB1,345,593,000 and 14% respectively. The increase in gross profit of new energy segment was mainly due to the increase in the market demand for wind gear transmission equipment.

Additional Information Required by the Listing Rules

Selling and distribution expenses

Selling and distribution expenses of the Group from the continuing operations increased by approximately RMB47,053,000, or 20%, from approximately RMB230,530,000 in the Corresponding Period of 2022 to approximately RMB277,583,000 for the Period Under Review. The selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses and staff costs.

Administrative expenses

Administrative expenses of the Group from the continuing operations increased by approximately RMB115,060,000, or 28%, from approximately RMB407,720,000 in the Corresponding Period of 2022 to approximately RMB522,780,000 for the Period Under Review. The administrative expenses for the Period Under Review mainly included salaries and staff welfare, provision for penalty, depreciation and amortisation of tangible and intangible assets. The significant increase in the administrative expenses during the Period Under Review was mainly due to the provision for penalty for late payment of a loan on due date amounting to approximately RMB100,000,000 being made in the Period Under Review. No such provision was made in the Corresponding Period of 2022.

Research and development costs

Research and development costs of the Group increased by approximately RMB93,658,000, or 26%, from approximately RMB365,701,000 in the Corresponding Period of 2022 to approximately RMB459,359,000 for the Period Under Review. The increase in research and development costs was mainly due to the increase in efforts put on research and development of new products in new energy segment.

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

A net impairment loss of RMB219,712,000 on the financial assets of the Group was recognised in the Period Under Review as compared with the reversal of net impairment loss of RMB914,741,000 recognised for the Corresponding Period of 2022. During the Corresponding Period of 2022, with the continuous efforts of the management, certain debtors repaid the overdue balances which had been impaired and accordingly, a reversal of impairment loss was recognised. During the Period Under Review, no such material repayments were made. In view of the delayed repayments and continuous worsening financial status of certain borrowers or debtors, credit risk of certain financial assets increased since initial recognition. Accordingly, impairment losses were recognised.

Additional Information Required by the Listing Rules

Other income

Other income decreased by approximately RMB4,759,000, or 2%, from approximately RMB209,139,000 in the Corresponding Period of 2022 to approximately RMB204,380,000 for the Period Under Review. Other income for the Period Under Review mainly included bank and other interest income of approximately RMB78,329,000, government grants of approximately RMB39,802,000 and sales of scraps and materials of approximately RMB38,734,000. Other income in the Corresponding Period of 2022 mainly included bank and other interest income of approximately RMB98,104,000 and government grants of approximately RMB46,316,000.

Net fair value change in financial instruments

The Group maintains its investment segment through possessing and investing in various investment and financial products for potential or strategic use purposes. The Group recorded a gain on change in fair value of financial instruments of approximately RMB19,258,000 for the Period Under Review as compared to the loss on change in fair value of approximately RMB862,677,000 for the Corresponding Period of 2022. The fair value change during the Corresponding Period of 2022 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 seriously suffered by the COVID-19. Since the respective acquisition was completed in 2022, such derivative financial instruments was lapsed.

Other gains – net

Other gains mainly included the net foreign exchange gains of approximately RMB187,506,000 and RMB91,714,000 respectively for the Period Under Review and Corresponding Period of 2022.

Finance costs

Finance costs of the Group from the continuing operations increased by approximately RMB225,401,000, or 59%, from approximately RMB379,175,000 in the Corresponding Period of 2022 to approximately RMB604,576,000 for the Period Under Review, which was mainly due to more average borrowing amount of the Group for the Period Under Review than in the Corresponding Period of 2022 and provision for default interests arising from failure to repay loans on due date.

Additional Information Required by the Listing Rules

Share of result of joint ventures and associates

The Group's share of profit from its joint ventures and associates amounted to approximately RMB3,384,000 for the Period Under Review as compared with share of profit of approximately RMB8,273,000 in the Corresponding Period of 2022. It is mainly due to performances of certain investees being less satisfying during the Period Under Review.

Income tax expense

For the Period Under Review, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB73,366,000 and RMB63,372,000 respectively, and in the Corresponding Period of 2022, the current and the deferred tax expense amounted to approximately RMB400,720,000 and RMB43,865,000, respectively.

The decrease in current tax during the Period Under Review was mainly because of a one-off income tax expenses of approximately RMB315,140,000 incurred arising from 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) during the Corresponding Period of 2022. No such disposal occurred in the Period Under Review.

Profit for the Period Under Review

For the Period Under Review, the Group recorded a profit after tax of approximately RMB170,012,000 while in the Corresponding Period of 2022, the Group recorded a profit after tax of approximately RMB206,096,000. The operating performance for the Period Under Review was more satisfying mainly due to the increase in operating profits from new energy segment. However, the positive impact brought by new energy segment was offset by impairment losses on financial assets recognised and the provision for penalty arising from late payment of a loan on due date and default interests.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

Additional Information Required by the Listing Rules

Cash position

As at 30 June 2023, the Group had cash and cash equivalents (excluding the restricted cash) of approximately RMB4,504,742,000 (31 December 2022: RMB4,533,808,000), representing a decrease of approximately RMB29,066,000 or 1% as compared to 31 December 2022. 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.

Bank and other borrowings and corporate bonds

As at 30 June 2023 and 31 December 2022, the debt profile of the Group was analysed as follows:

	As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000
Bank and other borrowings repayable:		
Within one year or on demand	8,499,035	8,608,849
Between one and two years	2,768,102	1,338,702
Between two to five years	1,821,037	1,892,357
Over five years	1,395,021	1,080,154
	14,483,195	12,920,062
Total debts	14,483,195	12,920,062

As at 30 June 2023, the total debt of the Group increased by approximately 1,563,133,000 or 12%, as compared with 31 December 2022.

Leverage

The gearing ratio of the Group as at 30 June 2023, calculated as a ratio of the sum of bank and other borrowings to total assets, was approximately 26% (31 December 2022: 23%). The net equity of the Group as at 30 June 2023 was approximately RMB17,962,008,000 (31 December 2022: approximately RMB18,120,248,000).

Additional Information Required by the Listing Rules

As at 30 June 2023, the Group recorded total current assets of approximately RMB34,280,931,000 (31 December 2022: RMB33,959,429,000) and total current liabilities of approximately RMB29,801,175,000 (31 December 2022: RMB30,181,512,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.2 as at 30 June 2023 (31 December 2022: 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 30 June 2023, bank and other borrowings of approximately RMB13,698,117,000, RMB537,442,000 and RMB247,636,000 were denominated in RMB, US dollars and Australia dollars respectively (31 December 2022: RMB12,143,445,000, RMB531,638,000 and RMB244,979,000). The debts in various currencies were mainly made to finance the operation of Group's entities in different jurisdictions.

Bank and other borrowings of approximately RMB 6,465,382,000 (31 December 2022: RMB6,949,171,000) were at fixed interest rates, the remaining balances were either at variable rates or non-interest bearing. Cash and cash equivalents held by the Group were mainly denominated in RMB, Hong Kong and Australia dollars. The Group currently does not have foreign exchange and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

PLEDGE OF ASSETS

Details of the Group's pledged assets as at 30 June 2023 are set out in note 26 to the interim condensed consolidated financial statements in this report.

Additional Information Required by the Listing Rules

OPERATING SEGMENT INFORMATION

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

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 30 June 2023 are set out in note 25 to the interim condensed consolidated financial statements in this report.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2023 are set out in note 24 to the interim condensed consolidated financial statements in this report.

SUBSEQUENT EVENTS

As at 30 June 2023, details of the subsequent events of the Group are set out in note 28 to the interim condensed consolidated financial statements in this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

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

Additional Information Required by the Listing Rules

USE OF PROCEEDS

The aggregate net proceeds received from the placing completed on 9 June 2022 (the “**First Placing**”) was approximately HK\$294.7 million.

As disclosed in the 2022 annual report of the Company, HK\$224.7 million has been utilised during the year ended 31 December 2022, and HK\$70 million which was originally utilised as earnest money on an investment engaged in the e-commerce business will be refunded to the Company as the relevant memorandum of understanding has lapsed and 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).

As such, the amount of the net proceeds brought forward in the beginning of the Period Under Review was HK\$70 million. The table below sets out the details of actual usage of the net proceeds during the Period Under Review:

	Amount of net proceeds brought forward in the beginning of the Period Under Review and the revised allocation of usage (HK\$ million)	Actual usage of net proceeds during the Period Under Review (HK\$ million)	Unutilised net proceeds during the Period Under Review (HK\$ million)	Expected timeline of full utilisation
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)	70.0	–	70.0	By 31 December 2023
Total	70.0	–	70.0	

Additional Information Required by the Listing Rules

SHARE SUBSCRIPTION

On 28 July 2023, the Company entered into three subscription agreements (the “**Subscription Agreements**”) with each of Ms. Zhang Hongyun (張洪雲) (“**Ms. Zhang**”), Mr. Wu Jianzhong (巫建忠) (“**Mr. Wu**”) and Ms. Dai Mengli (代夢麗) (“**Ms. Dai**”) (collectively the “**Subscribers**”), pursuant to which, each of Ms. Zhang, Mr. Wu and Ms. Dai conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue 3,000,000,000 ordinary shares (the “**Zhang Subscription Shares**”), 2,156,000,000 ordinary shares (the “**Wu Subscription Shares**”) and 150,000,000 ordinary shares (the “**Dai Subscription Shares**”), respectively or a total of 5,306,000,000 ordinary shares (the “**Subscription Share(s)**”) at a subscription price of HK\$0.03515 per Subscription Share (the “**Subscription**”). The aggregate nominal value of all the Subscription Shares is HK\$53,060,000. The Subscription Shares, when fully paid and allotted and issued, will rank *pari passu* in all respects with all other existing ordinary shares of the Company (the “**Share(s)**”) outstanding on the date of completion of the Subscription pursuant to the respective Subscription Agreements, and be entitled to all dividends and distributions the record date for which falls on a date on or after the date of the issue. The market price of the Subscription Shares was HK\$0.037 per Share as quoted on the Stock Exchange on 28 July 2023, being the date of the Subscription Agreements. The net subscription price per Subscription Share will be approximately HK\$0.03515.

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

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Subscribers is a third party independent of and not connected with the Company or its connected persons. If only the Subscription Agreement with Ms. Zhang is completed, the shareholding interests of Ms. Zhang will represent approximately 10.16% of the then enlarged issued share capital of the Company. However, upon the completion of all the Subscription Agreements, Ms. Zhang will only be interested in approximately 9.42% of the then enlarged issued share capital of the Company and therefore, not become a substantial shareholder (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) of the Company. It is also expected that each of Mr. Wu and Ms. Dai will not become a substantial shareholder of the Company upon completion of the Subscription pursuant to the respective Subscription Agreements.

Additional Information Required by the Listing Rules

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 net proceeds (after deduction of all relevant expenses) from the Subscription will be approximately HK\$186.5 million. The Group intends to apply all the net proceeds from the Subscription for the repayment of Group's loans and amounts payable.

Details of the Subscription were set out in the announcement of the Company dated 28 July 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SHARE OPTION SCHEME

The share option scheme (the "**Share Option Scheme**") was adopted by the Company which has been approved by the shareholders of the Company (the "**Shareholders**") at the Company's extraordinary general meeting held on 17 August 2018. The purpose of the Share Option Scheme is to promote the implementation of enterprise culture of co-creation and co-sharing and procure the core employees of the Company to focus on long-term operation performance, as well as to attract, retain and encourage core talents. Under the Share Option Scheme, the board (the "**Board**") of directors of the Company shall be entitled to offer to grant share options to any eligible participant. The number of share options available for grant under the Share Option Scheme at the beginning and the end of the Period Under Review were 1,919,367,461 and 1,919,461,429, respectively. The Share Option Scheme expired on 16 August 2023 and no further share options may be granted under the Share Option Scheme thereafter. The outstanding share options shall remain valid, and the vesting and exercise of which remain subject to the conditions for vesting and exercise in accordance with 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.

Additional Information Required by the Listing Rules

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

Share option holders	Date of grant	Outstanding as at 2023/01/01	Granted during the period	No. of share options		Lapsed during the period	Outstanding as at 2023/06/30	Vesting period	Adjusted exercise price ⁽¹⁾ HK\$	Exercise period
				Exercised during the period	Cancelled during the period					
Director										
Ms. Du Wei	2018/12/14	704,804	-	-	-	-	704,804	2022/12/14 – 2023/12/13 ⁽²⁾	2.43	2023/12/13 – 2028/12/13
Other employees	2018/12/14	9,256,489	-	-	-	(93,968)	9,162,521	2022/12/14 – 2023/12/13 ⁽²⁾	2.43	2023/12/13 – 2028/12/13
Total		9,961,293	-	-	-	(93,968) ⁽²⁾	9,867,325			

Notes:

- 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 share subscription on 16 September 2022 in accordance with the terms of the Share Option Scheme.
- A total of 93,968 share options lapsed according to the terms of the Share Option Scheme during the Period Under Review.
- 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.

Additional Information Required by the Listing Rules

SHARE AWARD SCHEME

The share award scheme (the “**Share Award Scheme**”) was adopted by the Board on 7 July 2018 to promote the implementation of enterprise culture of co-creation and co-sharing and procure the core employees of the Company to focus on long-term operation performance, as well as to attract, retain and encourage core talents. Under the Share Award Scheme, the Board shall be entitled to offer to grant award shares to any eligible participant. The number of award shares available for grant under the Share Award Scheme at the beginning and the end of the Period Under Review were 986,453,086 Shares. Details of the Share Award Scheme were set out in the announcements of the Company dated 7 July 2018 and 14 December 2018 respectively.

Since the date of adoption and up to 30 June 2023, a total number of 17,521,400 award shares have been purchased by the trustee under the Share Award Scheme (the “**Purchased Award Shares**”), and all the award shares were awarded to the selected participants. Among the 17,521,400 award shares, 221,200 award shares lapsed during the year 2018 while the remaining 17,300,200 award shares lapsed during the year 2019 according to the terms of the Share Award Scheme. During the Period Under Review, the Company did not instruct the trustee to purchase any Share for future award purpose or grant any award shares to any eligible participants pursuant to the terms and conditions of the Share Award Scheme.

As at the date of this report, the Share Award Scheme expired on 6 July 2023. The Company has instructed the trustee to sell all the 17,521,400 Purchased Award Shares within the period determined by the Board. The remaining cash and net income derived from the aforesaid sale of the Purchased Award Shares shall be remitted to the Company immediately after such sale.

EMPLOYEES

As at 30 June 2023, the Group had 8,667 employees (31 December 2022: 8,448 employees). The Group’s total staff costs (including executive directors’ remuneration) amounted to approximately RMB977,956,000 for the Period Under Review (for the six months ended 30 June 2022: approximately RMB944,891,000). 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, details of which are set out in the sections headed “Share Option Scheme” and “Share Award Scheme” in this report.

Additional Information Required by the Listing Rules

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

As at 30 June 2023, 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:

(i) Long positions in the Shares or underlying Shares

Name of Director	Nature of interests	Number of issued Shares held/underlying Shares held under equity derivatives	Approximate percentage of the total issued share capital of the Company ⁽³⁾
Mr. Ji Changqun ("Mr. Ji")	Beneficial owner and interest in controlled corporation ⁽¹⁾	8,534,292,954 ⁽¹⁾	32.17%
Ms. Du Wei	Beneficial owner	704,804 ⁽²⁾	0.00%

Notes:

- (1) As at 30 June 2023, 909,510,000 Shares were 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 share 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 30 June 2023.

Additional Information Required by the Listing Rules

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2023.

SUBSTANTIAL SHAREHOLDERS

Based on the disclosure of interests filed on the Stock Exchange's website, as at 30 June 2023, 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)	3.64%
		982,442,195 (S)	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)	6.34%
		982,442,195 (S)	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)	6.34%
		982,442,195 (S)	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%

Additional Information Required by the Listing Rules

Notes:

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

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

Huarong Huaqiao 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 30 June 2023.

Save as disclosed above, the Company has not been notified of any other person (other than Directors or chief executives of the Company) who had any interests or short positions in the Shares or underlying Shares would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2023.

Additional Information Required by the Listing Rules

COMPETING BUSINESS

As disclosed in the circular of the Company dated 28 October 2013 relating to, amongst other things, the very substantial acquisition in relation to the acquisition of Nanjing Fullshare Asset Management Limited* (南京豐盛資產管理有限公司) (an enterprise established under the laws of the PRC with limited liability and currently a wholly owned subsidiary of the Company) and the reverse takeover involving a new listing application (the “**RTO Circular**”), pursuant to the non-competition undertaking dated 25 October 2013 entered into between the Controlling Shareholders (as defined in the RTO Circular) and the Company (the “**Non-Competition Undertaking**”), save for continuing their engagements in the Excluded Projects (as defined in the RTO Circular) and certain exceptions relating to their holding of and/or being interested in shares and other securities in any member of the Group and any other company listed on a recognised stock exchange engaging in the restricted business (please refer to the RTO Circular for details) set out in the Non-Competition Undertaking, the Controlling Shareholders will not be allowed to engage in any residential property (including villas) and mixed-use property (as defined in the section headed “Glossary of Technical Terms” of the RTO Circular) development business in the PRC (the “**Restricted Business**”), and they will only be involved in the commercial property development business. For further details in respect of the Non-Competition Undertaking, please refer to the RTO Circular. As at 30 June 2023, the Controlling Shareholders and any of their respective associates (other than the members of the Group) did not, directly or indirectly, whether on their own or jointly with another person or company, own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes or may compete with the Restricted Business. Save for the Non-Competition Undertaking, as at 30 June 2023, the Controlling Shareholders did not give any other non-competition undertaking to the Company.

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

Save as disclosed above, as at 30 June 2023, none of the Directors had an interest in the business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Additional Information Required by the Listing Rules

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

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

A loan was provided by an asset management company (the “**Lender**”) to Tianjin Heheng in an aggregate principal amount of RMB573,300,000 for the purpose of project development and construction and general working capital (the “**Loan**”). Upon completion of the Acquisition, the Loan became a loan extended to the Group. The Loan is secured by a pledge of 1,520,000,000 ordinary shares with a par value of HK\$0.01 each in the issued share capital of the Company (the “**Pledged Shares**”) created by Magnolia Wealth which 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.

CORPORATE GOVERNANCE CODE

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

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

Additional Information Required by the Listing Rules

AUDIT COMMITTEE REVIEW

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

By Order of the Board
Fullshare Holdings Limited
JI CHANGQUN
Chairman

Hong Kong, 31 August 2023

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

* *For identification purpose only*