



**豐盛**  
FULLSHARE

# Fullshare Holdings Limited 豐盛控股有限公司

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



INTERIM REPORT 2020

# Contents

*Page*

Independent review report	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of financial position	7
Interim condensed consolidated statement of changes in equity	10
Interim condensed consolidated statement of cash flows	12
Notes to the interim condensed consolidated financial statements	15
Additional information required by the Listing Rules	78



# 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 77, which comprise the interim condensed consolidated statement of financial position as at 30 June 2020, 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 interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“**HKAS**”) 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 HKAS 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 (“HKSRE”) 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.

## OTHER MATTER

The comparative interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months ended 30 June 2019 and the relevant explanatory notes included in these interim condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

## 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 2020 are not prepared, in all material respects, in accordance with HKAS 34, *Interim Financial Reporting*.

**Baker Tilly Hong Kong Limited**  
*Certified Public Accountants*

Hong Kong, 31 August 2020

**Gao Yajun**  
Practising certificate number P06391

# Interim Condensed Consolidated Financial Statements

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

For the six months ended 30 June 2020

		<b>For the six months ended 30 June</b>	
		<b>2020</b>	2019
	Note	<b>(Unaudited) RMB'000</b>	(Unaudited) RMB'000
Revenue	6	<b>5,783,484</b>	4,803,869
Cost of sales and services		<b>(4,580,148)</b>	(3,873,131)
<b>Gross profit</b>		<b>1,203,336</b>	930,738
Selling and distribution expenses		<b>(199,043)</b>	(205,132)
Administrative expenses		<b>(449,314)</b>	(542,074)
Research and development costs		<b>(232,380)</b>	(163,877)
Net impairment losses on financial assets	3(ii)(f)	<b>(512,665)</b>	(395,633)
Other income	8	<b>166,187</b>	394,839
Net fair value changes in financial instruments	7	<b>11,132</b>	(2,542,845)
Other (losses)/gains – net	9	<b>(278,078)</b>	18,280
<b>Operating loss</b>		<b>(290,825)</b>	(2,505,704)
Finance costs	11	<b>(344,363)</b>	(453,312)
Share of results of joint ventures		<b>(5,133)</b>	(231,341)
Share of results of associates		<b>8,268</b>	(17,222)
<b>Loss before tax</b>		<b>(632,053)</b>	(3,207,579)
Income tax credit	12	<b>44,868</b>	576,188
<b>Loss for the period</b>		<b>(587,185)</b>	(2,631,391)

## Interim Condensed Consolidated Financial Statements

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<b>Other comprehensive (loss)/income for the period:</b>		
<i>Items that may be reclassified to profit or loss:</i>		
– Exchange differences on translation of foreign operations	<b>(15,230)</b>	(25,778)
– Changes in fair value of debt investments at fair value through other comprehensive income	<b>2,833</b>	(8,195)
– Share of other comprehensive income/(loss) of associates	<b>1,883</b>	(31,291)
– Income tax relating to these items	<b>(2,204)</b>	2,049
	<b>(12,718)</b>	(63,215)
<i>Items that will not be reclassified to profit or loss:</i>		
– Changes in fair value of equity investments at fair value through other comprehensive income	<b>(37,800)</b>	12,728
– Income tax relating to these items	<b>(10,130)</b>	(23,363)
	<b>(47,930)</b>	(10,635)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(60,648)</b>	(73,850)
<b>Total comprehensive loss for the period</b>	<b>(647,833)</b>	(2,705,241)

## Interim Condensed Consolidated Financial Statements

		<b>For the six months ended 30 June</b>	
		<b>2020</b>	2019
		<b>(Unaudited)</b>	(Unaudited)
Note		<b>RMB'000</b>	RMB'000
	<b>(Loss)/profit for the period attributable to:</b>		
	– Equity shareholders of the Company	<b>(644,814)</b>	(2,636,491)
	– Non-controlling interests	<b>57,629</b>	5,100
		<b>(587,185)</b>	(2,631,391)
	<b>Total comprehensive (loss)/income for the period attributable to:</b>		
	– Equity shareholders of the Company	<b>(717,821)</b>	(2,733,024)
	– Non-controlling interests	<b>69,988</b>	27,783
		<b>(647,833)</b>	(2,705,241)
	<b>Loss per share attributable to equity shareholders of the Company</b>		
	Basic loss per share	<b>RMB(0.033)</b>	RMB(0.134)
	Diluted loss per share	<b>RMB(0.033)</b>	RMB(0.134)

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 2020*

		<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	15	<b>5,464,717</b>	5,726,220
Investment properties		<b>4,389,082</b>	4,019,290
Right-of-use assets	15	<b>1,633,064</b>	1,667,466
Goodwill		<b>1,939,646</b>	2,089,430
Other intangible assets		<b>471,647</b>	505,564
Investments in joint ventures		<b>393,521</b>	387,025
Investments in associates		<b>1,754,104</b>	1,724,784
Financial assets at fair value through other comprehensive income	17	<b>3,428,730</b>	3,443,298
Financial assets at fair value through profit or loss	16	<b>45,640</b>	588,517
Loans receivables	18(i)	<b>61,850</b>	48,217
Other financial assets at amortised cost	18(iv)	<b>1,035,387</b>	1,019,182
Other receivables	18(iii)	<b>2,718</b>	12,075
Prepayments		<b>49,349</b>	186,787
Deferred tax assets		<b>687,950</b>	570,453
		<b>21,357,405</b>	21,988,308



## Interim Condensed Consolidated Financial Statements

		<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
	Note		
<b>Current assets</b>			
Inventories		<b>2,949,319</b>	2,588,785
Trade receivables	19	<b>2,370,789</b>	2,465,152
Consideration receivables	18(ii)	<b>4,152</b>	183,678
Loans receivables	18(i)	<b>2,268,142</b>	2,705,794
Prepayments		<b>836,744</b>	302,079
Other receivables	18(iii)	<b>2,071,096</b>	2,571,609
Other financial assets at amortised cost	18(iv)	–	254,050
Income tax prepaid		<b>164</b>	39,460
Financial assets at fair value through other comprehensive income	17	<b>2,998,373</b>	2,880,568
Financial assets at fair value through profit or loss	16	<b>2,344,466</b>	1,540,270
Properties under development		<b>186,472</b>	190,677
Properties held for sale		<b>221,590</b>	553,432
Restricted cash	20	<b>2,383,335</b>	2,731,254
Cash and cash equivalents	20	<b>3,662,335</b>	2,797,003
		<b>22,296,977</b>	21,803,811
<b>Current liabilities</b>			
Trade and bills payables	21	<b>6,114,151</b>	6,090,338
Other payables and accruals	22	<b>2,775,519</b>	3,116,778
Contract liabilities		<b>2,069,752</b>	575,808
Corporate bonds		<b>1,522,493</b>	1,923,316
Lease liabilities		<b>47,888</b>	39,808
Bank and other borrowings	23	<b>5,773,830</b>	5,199,030
Income tax payable		<b>857,706</b>	824,593
Warranty provision		<b>265,264</b>	216,868
Deferred income		<b>147,187</b>	23,944
		<b>19,573,790</b>	18,010,483

## Interim Condensed Consolidated Financial Statements

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Note		
<b>Net current assets</b>	<b>2,723,187</b>	3,793,328
<b>Total assets less current liabilities</b>	<b>24,080,592</b>	25,781,636
<b>Non-current liabilities</b>		
Corporate bonds	–	498,437
Bank and other borrowings	23 <b>2,170,908</b>	2,531,387
Derivative financial instruments	<b>49,952</b>	59,952
Deferred income	<b>179,740</b>	185,189
Lease liabilities	<b>380,832</b>	404,855
Warranty provision	<b>131,470</b>	97,164
Deferred tax liabilities	<b>1,111,802</b>	1,136,831
	<b>4,024,704</b>	4,913,815
<b>Net assets</b>	<b>20,055,888</b>	20,867,821
<b>Capital and reserves</b>		
Share capital	<b>160,872</b>	160,872
Reserves	<b>16,729,865</b>	17,447,686
<b>Equity attributable to equity shareholders of the Company</b>	<b>16,890,737</b>	17,608,558
<b>Non-controlling interests</b>	<b>3,165,151</b>	3,259,263
<b>Total equity</b>	<b>20,055,888</b>	20,867,821

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 2020

		Attributable to equity shareholders of the Company												
Note	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 profits/(losses)	Total	Non-controlling interests	Total equity
	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
<b>At 1 January 2020 (Audited)</b>	160,872	422,833	17,071,916	616,593	31,777	(35,258)	(394,435)	(318,563)	(390,381)	200,767	242,437	17,608,558	3,259,263	20,867,821
<b>(Loss)/profit for the period</b>	-	-	-	-	-	-	-	-	-	-	(644,814)	(644,814)	57,629	(587,185)
<b>Other comprehensive (loss)/income for the period</b>														
- Changes in fair value of debt investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	465	-	-	-	-	465	164	629
- Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(62,519)	-	-	-	-	(62,519)	14,589	(47,930)
- Share of other comprehensive income of associates	-	-	-	-	-	-	1,883	-	-	-	-	1,883	-	1,883
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(12,836)	-	-	(12,836)	(2,394)	(15,230)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	-	-	(60,171)	-	(12,836)	(644,814)	(717,821)	69,988	(647,833)	
Deemed disposal of a subsidiary	26	-	-	-	-	-	-	-	-	-	-	-	(87,641)	(87,641)
Disposal of subsidiaries	25	-	-	(5,126)	-	-	-	-	-	-	5,126	-	-	-
Dividends to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(76,629)	(76,629)
Capital contributions by non-controlling shareholders of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	170	170
<b>At 30 June 2020 (Unaudited)</b>	160,872	422,833	17,071,916	611,467	31,777	(35,258)	(394,435)	(378,734)	(390,381)	187,931	(397,251)	16,890,737	3,165,151	20,055,888



# Interim Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

	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 profits			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
<b>At 1 January 2019 as originally presented</b>	161,084	422,833	17,076,227	662,303	31,777	(35,258)	(395,593)	(240,824)	(390,381)	242,207	3,161,125	20,695,500	3,205,037	23,900,537
Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	(44,475)	(44,475)	-	(44,475)
<b>Restated balance at 1 January 2019 (Audited)</b>	161,084	422,833	17,076,227	662,303	31,777	(35,258)	(395,593)	(240,824)	(390,381)	242,207	3,116,650	20,651,025	3,205,037	23,856,062
<b>(Loss)/profit for the period</b>	-	-	-	-	-	-	-	-	-	-	(2,636,491)	(2,636,491)	5,100	(2,631,391)
<b>Other comprehensive (loss)/income for the period</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Changes in fair value of debt investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(4,542)	-	-	-	-	(4,542)	(1,604)	(6,146)
- Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	(34,638)	-	-	-	-	(34,638)	24,003	(10,635)
- Share of other comprehensive loss of associates	-	-	-	-	-	-	(31,291)	-	-	-	-	(31,291)	-	(31,291)
- Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(26,062)	-	-	(26,062)	284	(25,778)
<b>Total comprehensive (loss)/income for the period</b>	-	-	-	-	-	-	(70,471)	-	(26,062)	(2,636,491)	(2,733,024)	27,783	2,705,241	(2,705,241)
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(36,204)	(36,204)
Dividends to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	-	(30,002)	(30,002)
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	7,372	-	-	(7,372)	-	-	-
<b>At 30 June 2019 (Unaudited)</b>	161,084	422,833	17,076,227	662,303	31,777	(35,258)	(395,593)	(303,923)	(390,381)	216,145	472,787	17,918,001	3,166,614	21,084,615

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 2020*

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<b>Cash flows from operating activities</b>		
Loss before tax	<b>(632,053)</b>	(3,207,579)
Adjustments to reconcile loss before tax to net cash flow	<b>1,371,409</b>	3,765,078
Total working capital adjustments	<b>188,408</b>	49,155
	<b>927,764</b>	606,654
Cash generated from operations	<b>927,764</b>	606,654
Interest received	<b>417</b>	1,043
Income taxes refunded	<b>45,930</b>	13,012
Income taxes paid	<b>(41,540)</b>	(23,844)
<i>Net cash generated from operating activities</i>	<b>932,571</b>	596,865
<b>Cash flows from investing activities</b>		
Interest received	<b>51,732</b>	47,772
Placement of pledged bank deposits	<b>(2,975,511)</b>	(3,353,142)
Withdrawal of pledged bank deposits	<b>3,322,926</b>	3,052,698
Investments in structured bank deposits	<b>(363,000)</b>	(185,511)
Withdrawal of structured bank deposits	<b>189,671</b>	554,828
Proceeds from disposal of financial assets at fair value through other comprehensive income	–	171,058
Purchases of financial assets at fair value through profit or loss	<b>(20,608)</b>	–
Proceeds from disposal of financial assets at fair value through profit or loss	<b>188,856</b>	58,119
Purchases of items of property, plant and equipment	<b>(231,700)</b>	(426,709)
Proceeds from disposal of items of property, plant and equipment	<b>18,461</b>	3,992

## Interim Condensed Consolidated Financial Statements

		<b>For the six months ended 30 June</b>	
		<b>2020</b>	2019
		<b>(Unaudited)</b>	(Unaudited)
Note		<b>RMB'000</b>	RMB'000
	Receipt of government grants	<b>145,671</b>	101,020
	Receipt of land resumption	–	70,000
	Purchase of investment properties	<b>(68,500)</b>	–
	Proceeds from disposal of investment properties	<b>84,486</b>	114,601
	Purchases of other intangible assets	<b>(2,106)</b>	(1,224)
	Payments for right-of-use assets	–	(3,810)
	Proceeds from disposal of right-of-use assets	–	24,890
24	Acquisition of a subsidiary	<b>(396,731)</b>	1,386
26	Deemed disposal of a subsidiary	<b>(40)</b>	–
25	Disposal of subsidiaries	<b>36,682</b>	70,895
	Receipt of consideration receivables	<b>2,157</b>	170,074
	Receipt of consideration for disposal group classified as held-for-sale	<b>179,546</b>	119,871
	Investment in a joint venture	–	(167,000)
	Proceeds from disposal of a joint venture	–	182,933
	Capital withdrawal from a joint venture	–	9,481
	Proceeds from disposal of an associate	<b>38,160</b>	31,549
	Dividend income received	<b>15,000</b>	30,449
	Refund of deposits for potential acquisitions	–	14,385
	Withdrawal of other financial assets at amortised cost	<b>254,050</b>	–
	Loans and other receivables granted	<b>(797,171)</b>	(1,134,486)
	Receipt of loans and other receivables	<b>1,381,436</b>	661,477
	<i>Net cash generated from investing activities</i>	<b>1,053,467</b>	219,596



## Interim Condensed Consolidated Financial Statements

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
<b>Cash flows from financing activities</b>		
Capital contribution by non-controlling interests	<b>170</b>	–
New bank and other borrowings	<b>2,866,562</b>	1,631,522
Repayment of bank and other borrowings	<b>(2,707,647)</b>	(3,104,679)
Redemption of corporate bonds	<b>(900,000)</b>	–
Dividends paid	<b>(76,629)</b>	(30,002)
Capital element of lease rental paid	<b>(18,272)</b>	(7,665)
Interest element of lease rental paid	<b>(10,892)</b>	(8,043)
Interest paid	<b>(285,230)</b>	(485,465)
<i>Net cash used in financing activities</i>	<b>(1,131,938)</b>	(2,004,332)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>854,100</b>	(1,187,871)
Cash and cash equivalents at the beginning of the period (Note)	<b>2,797,003</b>	2,562,058
Net effect of foreign exchange rate changes Included in assets of disposal group classified as held-for-sale	<b>11,232</b>	5,075
	–	(14,907)
<b>Cash and cash equivalents at the end of the period</b>	<b>3,662,335</b>	1,364,355

Note:

Cash and cash equivalents amounting to RMB25,257,000 was included in assets of disposal group classified as held-for-sale as at 1 January 2019.

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

### 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 – invest, develop 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.

The interim condensed consolidated financial statements were approved for issue by the board of directors of the Company on 31 August 2020.



# Interim Condensed Consolidated Financial Statements

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2020 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 2019 annual financial statements, except for the adoption of amendments to accounting policies, as set out in Note 2.1.

The preparation of interim condensed consolidated financial statements in conformity with HKAS 34 requires management of the Group 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 2019 annual financial statements. These interim condensed consolidated financial statements and notes thereon do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2019.

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.

# Interim Condensed Consolidated Financial Statements

## 2 BASIS OF PREPARATION (continued)

### 2.1 New standards, amendments and interpretation adopted by the Group

In the current interim period, the Group has applied the Amendment to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's interim condensed consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 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 2019 annual financial statements.

## Interim Condensed Consolidated Financial Statements

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (i) Equity price risk

The Group's equity price risk is mainly 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 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.

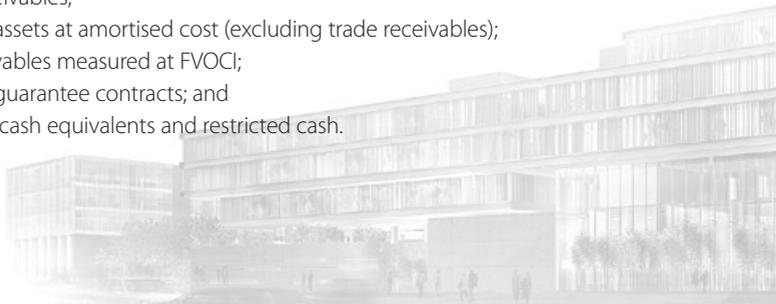
For the six months ended 30 June 2020, fair value loss of RMB39,747,000 (six months ended 30 June 2019: RMB2,641,746,000) was recognised from its ownership in Zall Smart Commerce Group Ltd. ("**Zall Group**").

#### (ii) Credit risk

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

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

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



## Interim Condensed Consolidated Financial Statements

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (ii) Credit risk (continued)

The Group considers the probability of default upon initial recognition of asset and assesses 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 debtor's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of the debtor in the Group and changes in the operating results of the debtor.

#### (a) Trade receivables

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, *Financial Instruments*, 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 invoice date.



## Interim Condensed Consolidated Financial Statements

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (ii) Credit risk (continued)

##### (a) Trade receivables (continued)

The ECL provision for trade receivables as at 30 June 2020 and 31 December 2019 was determined as follows:

30 June 2020 (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	3.15%	32.87%	51.20%	72.88%	100.00%	15.91%
Gross carrying amount under ECL model (excluding those debtors of which 100% allowance has been provided)	2,290,489	119,538	111,887	65,125	232,259	2,819,298
Loss allowance under ECL model	(72,200)	(39,296)	(57,288)	(47,466)	(232,259)	(448,509)
100% loss allowance specifically provided	-	(27,857)	(108,762)	(42,806)	(13,964)	(193,389)
Loss allowance	(72,200)	(67,153)	(166,050)	(90,272)	(246,223)	(641,898)
Net carrying amount	2,218,289	80,242	54,599	17,659	-	2,370,789

During the six months ended 30 June 2020, provision for loss allowance of approximately RMB79,540,000 was made to two customers, who are the subsidiaries of the same group, for trade receivables from sales of goods. As these two customers are in the process of liquidation due to their financial difficulties, the Group considered that the amount was probably not recoverable.

## Interim Condensed Consolidated Financial Statements

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

31 December 2019 (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	2.97%	23.61%	44.35%	82.73%	100.00%	15.35%
Gross carrying amount under ECL model (excluding those debtors of which 100% allowance has been provided)	2,293,052	189,142	155,851	52,320	221,827	2,912,192
Loss allowance under ECL model	(68,156)	(44,649)	(69,125)	(43,283)	(221,827)	(447,040)
100% loss allowance specifically provided	(1,873)	(24,861)	(56,320)	(6,652)	(11,740)	(101,446)
Loss allowance	(70,029)	(69,510)	(125,445)	(49,935)	(233,567)	(548,486)
Net carrying amount	2,224,896	144,493	86,726	9,037	–	2,465,152



## Interim Condensed Consolidated Financial Statements

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

As at 30 June 2020 and 31 December 2019, the Group provided for ECL provision against financial assets at amortised cost (excluding trade receivables) as follows:

30 June 2020 (Unaudited)	ECL rate	Gross carrying amount RMB'000	ECL provision RMB'000	Carrying amount (net of provision for loss allowances) RMB'000
Loans receivables*	29.21%	3,291,453	(961,461)	2,329,992
Consideration receivables	24.78%	5,520	(1,368)	4,152
Other receivables	21.33%	2,636,075	(562,261)	2,073,814
Other financial assets at amortised cost	0.04%	1,035,752	(365)	1,035,387
		<b>6,968,800</b>	<b>(1,525,455)</b>	<b>5,443,345</b>



## Interim Condensed Consolidated Financial Statements

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (ii) Credit risk (continued)

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

31 December 2019 (Audited)	ECL rate	Gross carrying amount RMB'000	ECL provision RMB'000	Carrying amount (net of provision for loss allowances) RMB'000
Loans receivables	18.24%	3,368,261	(614,250)	2,754,011
Consideration receivables	0.74%	185,046	(1,368)	183,678
Other receivables	16.45%	3,092,323	(508,639)	2,583,684
Other financial assets at amortised cost	0.03%	1,273,597	(365)	1,273,232
		<u>7,919,227</u>	<u>(1,124,622)</u>	<u>6,794,605</u>

\* The expected loss rate for loan receivables increased in a greater extent due to a significant increase in credit risk of certain borrowers since initial recognition.

#### **(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 losses from non-performance by these counterparties.

#### **(d) Financial guarantee contracts**

Management considered the internal credit risk of financial guarantee contracts that were performing is low as they have a low risk of default and the counterparties have a strong capacity to meet its contractual payment obligations in the near term, and thus the impairment provision recognised during the period was limited to 12 months expected losses. For the six months ended 30 June 2020 and 2019, no provision for loss allowance were recognised in profit or loss in relation to the financial guarantee contracts.

## Interim Condensed Consolidated Financial Statements

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (ii) Credit risk (continued)

##### (e) Cash and cash equivalents and restricted cash

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, management considered that no material impairment loss was identified.

##### (f) Reconciliation of ECL provision

The movements of ECL provision during the six months ended 30 June 2020 and year ended 31 December 2019 are as follows:

	Trade receivables RMB'000	Loans receivables RMB'000	Consideration receivables RMB'000	Other receivables RMB'000	Other financial assets at amortised cost RMB'000	Total RMB'000
<b>ECL provision as at 1 January 2020 (Audited)</b>	548,486	614,250	1,368	508,639	365	1,673,108
Provision for loss allowance recognised in profit or loss	93,854	347,211	-	71,600	-	512,665
Uncollectible receivables written off during the period	(442)	-	-	-	-	(442)
Released upon deemed disposal of a subsidiary	-	-	-	(17,978)	-	(17,978)
<b>ECL provision as at 30 June 2020 (Unaudited)</b>	641,898	961,461	1,368	562,261	365	2,167,353

## Interim Condensed Consolidated Financial Statements

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### (ii) Credit risk (continued)

##### (f) Reconciliation of ECL provision (continued)

	Trade receivables RMB'000	Loans receivables RMB'000	Consideration receivables RMB'000	Other receivables RMB'000	Other financial assets at amortised cost RMB'000	Total RMB'000
<b>ECL provision as at</b>						
<b>1 January 2019 (Audited)</b>	551,567	116,987	77,094	48,207	72	793,927
Provision for loss allowance recognised in profit or loss	15,998	497,263	-	72,240	293	585,794
Reversal for loss allowance recognised in profit or loss	-	-	(75,726)	-	-	(75,726)
Uncollectible receivables written off during the year	(19,079)	-	-	(17,047)	-	(36,126)
Provision for loss allowances recognised in disposal group	-	-	-	405,239	-	405,239
<b>ECL provision as at</b>						
<b>31 December 2019 (Audited)</b>	548,486	614,250	1,368	508,639	365	1,673,108

### 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.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim condensed consolidated statement of financial position approximate their fair values.

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.

## Interim Condensed Consolidated Financial Statements

### 4 FAIR VALUE ESTIMATION (continued)

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.

#### (i) 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 below:

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

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to measure 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 2020 and year ended 31 December 2019.

## Interim Condensed Consolidated Financial Statements

### 4 FAIR VALUE ESTIMATION (continued)

#### (i) Fair value hierarchy (continued)

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2020 and 31 December 2019.

The following tables present the financial assets and liabilities that are measured at fair value at 30 June 2020 and 31 December 2019:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2020 (Unaudited)</b>				
Financial assets at FVOCI:				
– Listed equity investments	492,131	–	–	492,131
– Unlisted equity investments	–	–	3,016,253	3,016,253
– Bills receivables	–	–	2,918,719	2,918,719
Financial assets at fair value through profit or loss ("FVPL"):				
– Unlisted equity investments	–	–	472,119	472,119
– Listed equity investments	656,797	–	–	656,797
– Structured bank deposits	–	–	334,605	334,605
– Trade receivables measured at FVPL	–	–	320,361	320,361
– Derivative financial instruments	–	–	606,224	606,224
Financial liabilities at FVPL:				
– Derivative financial instruments	–	–	(49,952)	(49,952)
	<b>1,148,928</b>	<b>–</b>	<b>7,618,329</b>	<b>8,767,257</b>

## Interim Condensed Consolidated Financial Statements

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

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
As at 31 December 2019				
(Audited)				
Financial assets at FVOCI:				
– Listed equity investments	473,556	–	–	473,556
– Unlisted equity investments	–	–	3,071,900	3,071,900
– Bills receivables	–	–	2,778,410	2,778,410
Financial assets at FVPL:				
– Unlisted equity investments	–	–	465,466	465,466
– Listed equity investments	829,383	–	–	829,383
– Unlisted debt investments	–	–	1,500	1,500
– Structured bank deposits	–	–	157,581	157,581
– Trade receivables measured at FVPL	–	–	86,340	86,340
– Derivative financial instruments	–	–	588,517	588,517
Financial liabilities at FVPL:				
– Derivative financial instruments	–	–	(59,952)	(59,952)
	<u>1,302,939</u>	<u>–</u>	<u>7,089,762</u>	<u>8,392,701</u>



## Interim Condensed Consolidated Financial Statements

### 4 FAIR VALUE ESTIMATION (continued)

#### (ii) 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.

The management obtains valuation quotations from counterparties or uses valuation techniques to determine the fair values of financial instruments except as detailed above, including the discounted cash flow analysis, net asset value and market comparison approach, etc. The fair values of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore have been classified by the Group as level 3. 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.

#### (iii) 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 within level 3. The Group's finance department includes a team that reviews the valuations performed by independent valuers for financial reporting purposes. 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)

#### (iv) Fair value measurements using significant unobservable inputs (level 3)

The following tables present the changes in level 3 items for the six months ended 30 June 2020 and year ended 31 December 2019:

	Financial assets at FVPL					Financial assets at FVOCI		Total RMB'000
	Unlisted equity investments	Trade receivables	Unlisted debt investments	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	
<b>At 1 January 2020 (Audited)</b>	<b>465,466</b>	<b>86,340</b>	<b>1,500</b>	<b>157,581</b>	<b>588,517</b>	<b>3,071,900</b>	<b>2,778,410</b>	<b>7,149,714</b>
Acquisitions	-	235,932	-	363,000	-	-	137,476	736,408
Disposals	-	-	(1,500)	(190,671)	-	-	-	(192,171)
Fair value (losses)/gains recognised in profit or loss	-	(1,911)	-	4,695	17,707	-	-	20,491
Fair value (losses)/gains recognised in other comprehensive income	-	-	-	-	-	(55,647)	2,833	(52,814)
Exchange differences	6,653	-	-	-	-	-	-	6,653
<b>At 30 June 2020 (Unaudited)</b>	<b>472,119</b>	<b>320,361</b>	<b>-</b>	<b>334,605</b>	<b>606,224</b>	<b>3,016,253</b>	<b>2,918,719</b>	<b>7,668,281</b>
<b>At 1 January 2019 (Audited)</b>	<b>472,580</b>	<b>551,057</b>	<b>485,071</b>	<b>961,150</b>	<b>518,602</b>	<b>2,966,293</b>	<b>1,365,791</b>	<b>7,320,544</b>
Acquisitions	-	-	1,500	152,100	46,617	99,654	1,421,624	1,721,495
Disposals	(15,788)	(464,052)	(518,112)	(973,724)	-	-	-	(1,971,676)
Fair value (losses)/gains recognised in profit or loss	(503)	(665)	33,041	18,055	23,298	-	-	73,226
Fair value gains/(losses) recognised in other comprehensive income	-	-	-	-	-	5,953	(9,005)	(3,052)
Exchange differences	9,177	-	-	-	-	-	-	9,177
<b>At 31 December 2019 (Audited)</b>	<b>465,466</b>	<b>86,340</b>	<b>1,500</b>	<b>157,581</b>	<b>588,517</b>	<b>3,071,900</b>	<b>2,778,410</b>	<b>7,149,714</b>

## Interim Condensed Consolidated Financial Statements

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

	<b>Derivative financial instruments RMB'000</b>
<b>Financial liabilities at FVPL</b>	
At 1 January 2019 (Audited)	–
Fair value losses recognised in profit or loss	(59,952)
<b>At 31 December 2019 and 1 January 2020 (Audited)</b>	<b>(59,952)</b>
<b>Fair value gains recognised in profit or loss</b>	<b>10,000</b>
<b>At 30 June 2020 (Unaudited)</b>	<b>(49,952)</b>



## Interim Condensed Consolidated Financial Statements

### 4 FAIR VALUE ESTIMATION (continued)

#### (v) 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 unobservable inputs to fair value
Financial assets at FVPL – Unlisted equity investments – Trade receivables – Unlisted debt investments – Structured bank deposits – Derivative financial instruments	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow; expected recovery date; discounted rates that correspond to the expected risk level	The higher the future cash flow, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value
Financial assets at FVOCI – Unlisted equity investments – Bills receivables	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow; expected recovery date; discounted rates that correspond to the expected risk level	The higher the future cash flow, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value
Financial liabilities at FVPL – Derivative financial instruments	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow; expected recovery date; discounted rates that correspond to the expected risk level	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



## Interim Condensed Consolidated Financial Statements

### 4 FAIR VALUE ESTIMATION (continued)

#### (v) Valuation inputs and relationships to fair value (continued)

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 2020 would have decreased/increased by approximately RMB6,405,000 (year ended 31 December 2019: RMB5,955,000) 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 – invest, develop 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.



## 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 loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that certain income and gains/losses, finance costs as well as head office and corporate expenses are excluded from such measurement.

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

Segment assets exclude deferred tax assets, certain property, plant and equipment, certain right-of-use assets, income tax prepaid, restricted cash, cash and cash equivalents, deposits paid for potential acquisitions included in prepayments, consideration receivables and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude income tax payable, bank and other borrowings, deferred tax liabilities, corporate bonds, 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 2020 (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	
<b>Segment revenue:</b>						
Sales to external customers	124,364	29,520	9,521	151,283	5,468,796	5,783,484
Fair value changes in financial instruments	-	-	11,132	-	-	11,132
<b>Segment results</b>	<b>(23,549)</b>	<b>(157,381)</b>	<b>(386,496)</b>	<b>(175,367)</b>	<b>435,366</b>	<b>(307,427)</b>
Reconciliation:						
Unallocated bank interest income (Note 8)						41,617
Gain on disposal of subsidiaries (Note 9)						7,760
Loss on disposal of an associate (Note 9)						(12,388)
Unallocated income and losses						25,562
Corporate and other unallocated expenses						(42,814)
Finance costs (Note 11)						(344,363)
Loss before tax						<b>(632,053)</b>
<b>Segment assets as at 30 June 2020 (Unaudited)</b>	<b>7,612,967</b>	<b>659,162</b>	<b>7,844,468</b>	<b>952,270</b>	<b>19,540,287</b>	<b>36,609,154</b>
Reconciliation:						
Corporate and other unallocated assets						7,045,228
<b>Total assets as at 30 June 2020 (Unaudited)</b>						<b>43,654,382</b>
<b>Segment liabilities as at 30 June 2020 (Unaudited)</b>	<b>898,351</b>	<b>48,258</b>	<b>194,802</b>	<b>451,446</b>	<b>9,459,077</b>	<b>11,051,934</b>
Reconciliation:						
Corporate and other unallocated liabilities						12,546,560
<b>Total liabilities as at 30 June 2020 (Unaudited)</b>						<b>23,598,494</b>

# Interim Condensed Consolidated Financial Statements

## 5 OPERATING SEGMENT INFORMATION (continued)

	For the six months ended 30 June 2019 (Unaudited)					
	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare, education and others RMB'000	New energy RMB'000	Total RMB'000
<b>Segment revenue:</b>						
Sales to external customers	253,662	169,044	24,246	162,020	4,194,897	4,803,869
Fair value changes in financial instruments	-	-	(2,542,845)	-	-	(2,542,845)
<b>Segment results</b>	<b>(128,723)</b>	<b>(25,110)</b>	<b>(2,784,742)</b>	<b>9,011</b>	<b>222,901</b>	<b>(2,706,663)</b>
Reconciliation:						
Unallocated bank interest income (Note 8)						46,846
Gain on disposal of subsidiaries (Note 9)						12,762
Loss on disposal of an associate (Note 9)						(5,093)
Gain on disposal of a joint venture (Note 9)						10,840
Unallocated income and losses						(15,073)
Corporate and other unallocated expenses						(97,886)
Finance costs (Note 11)						(453,312)
Loss before tax						<u>(3,207,579)</u>
<b>Segment assets as at 31 December 2019 (Audited)</b>	<b>8,081,372</b>	<b>795,851</b>	<b>8,637,192</b>	<b>1,166,761</b>	<b>18,718,805</b>	<b>37,399,981</b>
Reconciliation:						
Corporate and other unallocated assets						6,392,138
<b>Total assets as at 31 December 2019 (Audited)</b>						<u><u>43,792,119</u></u>
<b>Segment liabilities as at 31 December 2019 (Audited)</b>	<b>977,779</b>	<b>52,524</b>	<b>192,989</b>	<b>458,736</b>	<b>8,017,159</b>	<b>9,699,187</b>
Reconciliation:						
Corporate and other unallocated liabilities						13,225,111
<b>Total liabilities as at 31 December 2019 (Audited)</b>						<u><u>22,924,298</u></u>



## Interim Condensed Consolidated Financial Statements

**5 OPERATING SEGMENT INFORMATION** (continued)**Revenue from external customers by locations of customers**

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
People's Republic of China ("PRC")	<b>4,234,255</b>	2,930,299
United States of America	<b>801,366</b>	1,269,277
Europe	<b>190,430</b>	166,092
Australia	<b>177,795</b>	205,186
Other countries	<b>379,638</b>	233,015
	<b>5,783,484</b>	4,803,869



## Interim Condensed Consolidated Financial Statements

## 6 REVENUE

An analysis of revenue is as follows:

	<b>For the six months ended 30 June 2020 (Unaudited) RMB'000</b>	2019 (Unaudited) RMB'000
<b>Revenue from contracts with customers</b>		
Properties segment:		
– Property development and sales	<b>25,147</b>	123,476
– Construction services	<b>9,740</b>	12,148
	<b>34,887</b>	135,624
Tourism segment:		
– Hotel operations	<b>29,511</b>	68,838
– Sales of tourist goods and services	<b>9</b>	100,206
	<b>29,520</b>	169,044
New energy segment:		
– Sale of gear products	<b>5,468,796</b>	4,194,897
Investment and financial services segment:		
– Investment and financial consulting services	<b>9,521</b>	24,246
Healthcare, education and others segment:		
– Education services	<b>151,283</b>	136,349
– Healthcare products and other services	<b>–</b>	25,671
	<b>151,283</b>	162,020
	<b>5,694,007</b>	4,685,831
<b>Revenue from other sources</b>		
Properties segment:		
– Gross rental income	<b>89,477</b>	118,038
	<b>5,783,484</b>	4,803,869

## Interim Condensed Consolidated Financial Statements

### 6 REVENUE (continued)

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

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Timing of revenue recognition:		
– Recognised at a point in time	<b>5,493,952</b>	4,444,250
– Recognised over time	<b>200,055</b>	241,581
	<b>5,694,007</b>	4,685,831

### 7 NET FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Fair value gains/(losses) in financial assets at FVPL (Note)	<b>1,132</b>	(2,542,845)
Fair value gains in derivative financial instruments	<b>10,000</b>	–
	<b>11,132</b>	(2,542,845)

Note:

The fair value change mainly derived from listed equity investments. The Group recorded a significant fair value loss for the six months ended 30 June 2019 mainly due to the price decrease of 949,224,000 shares of Zall Group held by the Group.

## Interim Condensed Consolidated Financial Statements

**8 OTHER INCOME**

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Bank interest income	<b>41,617</b>	46,846
Other interest income	<b>26,737</b>	171,274
Dividend income	<b>8,719</b>	60,265
Management fees income	<b>17,534</b>	35,909
Government grants (Note)	<b>26,770</b>	43,388
Others	<b>44,810</b>	37,157
	<b>166,187</b>	394,839

Note:

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

There are no unfulfilled conditions or contingencies attaching to these grants.



## Interim Condensed Consolidated Financial Statements

## 9 OTHER (LOSSES)/GAINS – NET

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Gain on disposal of subsidiaries (Note 25)	<b>7,760</b>	12,762
Fair value gains of investment properties	<b>952</b>	19,091
Loss on disposal of property, plant and equipment	<b>(2,992)</b>	(11,715)
Gain on disposal of right-of-use assets	–	6,196
Loss on disposal of an associate	<b>(12,388)</b>	(5,093)
Gain on disposal of a joint venture	–	10,840
Impairment loss on goodwill (Note)	<b>(146,350)</b>	–
Impairment loss on property, plant and equipment (Note15)	<b>(132,800)</b>	–
Foreign exchange gains/(losses) – net	<b>21,610</b>	(12,202)
Others	<b>(13,870)</b>	(1,599)
	<b>(278,078)</b>	18,280

Note:

During the six months ended 30 June 2020, the Group recognised an impairment loss of RMB146,350,000 (six months ended 30 June 2019: RMBNil) in relation to goodwill of education cash-generating-unit (“CGU”). Since the outbreak of novel coronavirus epidemic (the “COVID-19 outbreak”) have had negative impacts to the economy and resulted in more health concerns for the children, the operating performance and the growth rate were below the expectation. The management considers that such impact is not temporary and reassessed the recoverable amounts by using revised cash flow projections. In view that the recoverable amount is lower than the carrying value, an impairment loss was therefore recognised.

No impairment of goodwill was recognised in relation to new energy CGU and investment and financial services CGU in both current and prior periods.

## Interim Condensed Consolidated Financial Statements

## 10 EXPENSES BY NATURE

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Staff costs		
– Salaries and other benefits	<b>811,229</b>	771,845
– Pension scheme contributions	<b>30,550</b>	62,174
Cost of inventories sold	<b>3,610,598</b>	2,866,343
Depreciation of property, plant and equipment	<b>247,763</b>	264,611
Depreciation of right-of-use assets	<b>37,340</b>	24,067
Cost of properties sold	<b>59,058</b>	71,817
Advertising expenses	<b>17,511</b>	83,340
Provision for inventories write-down	<b>33,249</b>	47,459
Amortisation of other intangible assets	<b>36,223</b>	49,124
Others	<b>577,364</b>	543,434
	<b>5,460,885</b>	4,784,214
Representing:		
– Cost of sales and services	<b>4,580,148</b>	3,873,131
– Selling and distribution expenses	<b>199,043</b>	205,132
– Administrative expenses	<b>449,314</b>	542,074
– Research and development costs	<b>232,380</b>	163,877
	<b>5,460,885</b>	4,784,214



## Interim Condensed Consolidated Financial Statements

## 11 FINANCE COSTS

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Interest on bank and other borrowings	269,739	366,895
Interest on corporate bonds	63,732	95,620
Interest on lease liabilities	10,892	8,043
Less: Interest capitalised	–	(17,246)
	<b>344,363</b>	453,312

## 12 INCOME TAX CREDIT

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

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current tax – expense/(credit) for the period		
– PRC	62,401	60,046
– Hong Kong	11,413	20,071
– Australia	(426)	(3,160)
– Singapore	62	756
Deferred tax	(118,318)	(653,901)
	<b>(44,868)</b>	(576,188)

## Interim Condensed Consolidated Financial Statements

### 12 INCOME TAX CREDIT (continued)

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

PRC CIT has been provided at the rate of 25% (six months ended 30 June 2019: 25%) on the taxable profits of the Group's PRC subsidiaries, except those listed below, for the six months ended 30 June 2020.

The following subsidiaries are qualified as high technology development enterprises and are thus subject to tax 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 Gear Manufacturing Co., Ltd (南京高速齒輪製造有限公司) ("Nanjing High Speed")	31 December 2017
Nanjing High Speed & Accurate Gear (Group) Co., Ltd. (南京高精齒輪集團有限公司) ("Nanjing High Accurate")	31 December 2017
Nanjing High Accurate Rail Transportation Equipment Co., Ltd (南京高精軌道交通設備有限公司) ("Rail Transportation")	31 December 2017

Note:

The approvals of preferential tax rate of Nanjing High Speed, Nanjing High Accurate and Rail Transportation were issued on 27 December 2017, 17 November 2017 and 7 December 2017 respectively. The preferential tax rate was applicable for 3 years when it was first approved by the taxation authority and therefore a 15% preferential tax rate was applied for these subsidiaries in the calculation of CIT for the six months ended 30 June 2020. As at the end of the reporting period, Nanjing High Speed, Nanjing High Accurate and Rail Transportation are in the processes of applying the renewals of the qualification of the high technology development enterprises.

## Interim Condensed Consolidated Financial Statements

### 12 INCOME TAX CREDIT (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 Mainland China 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 2019: 16.5% to 30%) prevailing in the places in which these enterprises operated for the six months ended 30 June 2020.

### 13 DIVIDENDS

The board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2020 (six months ended 30 June 2019: RMBNil).



## Interim Condensed Consolidated Financial Statements

### 14 LOSS PER SHARE

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

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	RMB'000
Loss for the purpose of calculating the basic and diluted loss per share	<b>(644,814)</b>	(2,636,491)
Weighted average number of ordinary shares in issue	<b>19,687,870,331</b>	19,720,301,031
Basic and diluted loss per share	<b>RMB(0.033)</b>	RMB(0.134)

There were no potential dilutive ordinary shares outstanding due to outstanding share options for the six months ended 30 June 2020 and 30 June 2019. For the six months ended 30 June 2020 and 30 June 2019, the weighted average number of ordinary shares in issue were adjusted for the acquisition of 17,521,400 shares by trustee during the year ended 31 December 2018 held for the Group's share award scheme.



## Interim Condensed Consolidated Financial Statements

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

During the six months ended 30 June 2020, the Group acquired property, plant and equipment and right-of-use assets with a cost of RMB146,569,000 (six months ended 30 June 2019: RMB434,336,000) and RMB10,920,000 (six months ended 30 June 2019: RMB32,774,000) respectively, other than those acquired through business combination.

Property, plant and equipment with a net book value of RMB24,453,000 were disposed of by the Group during the six months ended 30 June 2020 (six months ended 30 June 2019: RMB73,502,000), resulting in a loss on disposal of RMB2,992,000 (six months ended 30 June 2019: RMB11,715,000).

As a result of the changes in the current economic environment related to the COVID-19 outbreak, the Group is experiencing negative conditions in its tourism segment in Australia including sharp decrease in revenue due to quarantine measure as well as travel restrictions imposed by many countries and the economic downturn, which indicate that the relevant property, plant and equipment may be impaired. During the six months ended 30 June 2020, the Group performed impairment testing and recognised an impairment loss of RMB126,300,000 (six months ended 30 June 2019: RMBNil) related to hotel and land used for development of resort. In addition, an impairment loss of RMB6,500,000 was recognised (six months ended 30 June 2019: RMBNil) for certain obsolete property, plant and equipment in new energy CGU. Impairment loss was included in "other losses – net" in the interim condensed consolidated statement of profit or loss.



## 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 OCI; and
- Other non-equity investments that do not qualify for measurement at either amortised cost or FVOCI.

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
<b>Non-current assets</b>		
Derivative financial instruments (Note (a) and (e))	<b>45,640</b>	588,517
<b>Current assets</b>		
Listed equity investments (Note (b))	<b>656,797</b>	829,383
Unlisted equity investments	<b>472,119</b>	465,466
Trade receivables measured at FVPL (Note (c))	<b>320,361</b>	86,340
Unlisted debt investments	–	1,500
Structured bank deposits (Note (d))	<b>334,605</b>	157,581
Derivative financial instruments (Note (a))	<b>560,584</b>	–
	<b>2,344,466</b>	1,540,270
	<b>2,390,106</b>	2,128,787

## Interim Condensed Consolidated Financial Statements

### 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(continued)

Note:

- (a) On 31 August 2017, the Group entered into a limited partnership agreement (the “**Agreement**”) with Ningbo Zhongbang Chanrong Holding Co., Ltd. (寧波眾邦產融控股有限公司) (“**Ningbo Zhongbang**”) and Ningbo Jingbang Asset Management Co., Ltd (寧波靖邦資產管理有限公司) in respect of the establishment of an investment fund in the PRC named Shanghai Guiman Enterprise Management L.P. (上海圭蔓企業管理合夥企業(有限合夥)) (the “**Guiman Fund**”). The Group is a limited partner and has invested RMB500,000,000 in the Guiman Fund. As mentioned in the Agreement, the Group would not bear any loss of Guiman Fund and was guaranteed with an annualised return rate not less than 9% during the 3-year investment period. If the Group does not withdraw from the partnership at the end of 3-year investment period, the profit or loss attributable to the Group afterwards shall be negotiated separately.

The separate derivative derived from the investment in Guiman Fund was measured at FVPL because the investment income would be guaranteed by the other limited partner, Ningbo Zhongbang, due to the accumulated losses of Guiman Fund as at 30 June 2020 and 31 December 2019.

On 4 August 2020, the Group entered into an agreement (the “**Guiman Fund Agreement**”) with Guiman Fund and all partners of Guiman Fund in respect of the Group’s withdrawal from the partnership and Ningbo Zhongbang’s taking up the respective capital contribution. The capital contribution of the Group as well as the guaranteed returns would be paid by Ningbo Zhongbang within 60 working days from the date of Guiman Fund Agreement.

- (b) The balances as at 30 June 2020 and 31 December 2019 represented the fair values of equity shares of a portfolio of Hong Kong listed securities based on the closing prices of these securities quoted on SEHK on that date. The directors of the Company consider that the closing prices of these securities are the fair values of these investments.

	<b>30 June 2020 (Unaudited) RMB’000</b>	31 December 2019 (Audited) RMB’000
Zall Group (2098.SEHK)	<b>637,578</b>	645,482
C&D International Investment Group Limited (1908.SEHK)	–	145,142
China Saite Group Company Limited (153.SEHK)	<b>18,018</b>	26,877
Medicskin Holdings Limited (8307.SEHK)	–	11,882
Nanjing Sample Technology Company Limited (1708.SEHK)	<b>1,201</b>	–
	<b>656,797</b>	829,383

## Interim Condensed Consolidated Financial Statements

### 16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(continued)

Note: (continued)

(c) Trade receivables measured at FVPL

On 3 September 2018, the Group entered into two agreements with ING BANK N.V. ("**ING**") to sell all of its eligible trade receivables under certain customers and all right, title, interest and benefit the Group has in each such eligible trade receivables on a non-recourse basis without the need for any further action or documentation on the part of the Group or ING, at a discount calculated based on the base rate and number of days for early payment as specified in the agreement.

At 30 June 2020, such trade receivables that are held solely for selling purpose amounting to RMB320,361,000 (31 December 2019: RMB86,340,000) were classified as financial assets at FVPL. For the six months ended 30 June 2020, fair value loss of RMB1,911,000 (six months ended 30 June 2019: RMB11,243,000) was recognised in "Net fair value changes in financial instruments".

(d) Structured bank deposits

At 30 June 2020, structured bank deposits of RMB334,605,000 (31 December 2019: RMB155,480,000) represented financial instruments placed by the Group to four (31 December 2019: two) banks in the PRC for a term within one year. The contract guarantees principal and proceeds are related to the performance of exchange rate, interest rate or stock index on the market. Structured bank deposits amounted to RMB20,000,000 (31 December 2019: RMB104,176,000) were redeemed subsequent to the end of the reporting period.

(e) 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. At 30 June 2020 and 31 December 2019, the Qualifying Transactions have not been completed. The separate derivative associated with GSH Disposal Agreement was measured at FVPL amounting to RMB45,640,000 (31 December 2019: RMB46,617,000).



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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
<b>Non-current assets</b>		
Listed equity investment (Note (a))	<b>492,131</b>	473,556
Unlisted equity investments (Note (b))	<b>2,936,599</b>	2,969,742
	<b>3,428,730</b>	3,443,298
<b>Current assets</b>		
Bills receivables (Note (c))	<b>2,918,719</b>	2,778,410
Unlisted equity investments (Note (b))	<b>79,654</b>	102,158
	<b>2,998,373</b>	2,880,568
	<b>6,427,103</b>	6,323,866



## Interim Condensed Consolidated Financial Statements

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

Note:

- (a) At 30 June 2020, the balance includes the Group's investment in Guodian Technology & Environment Group Corporation Limited (國電科技環保集團股份有限公司, 1296.SEHK) amounting to RMB8,922,000 (31 December 2019: RMB10,814,000), the investment in Riyue Heavy Industry Co., Ltd ("Riyue") (日月重工股份有限公司, 603218.SHSE) amounting to RMB403,022,000 (31 December 2019: RMB326,729,000), the investment in Class A ordinary shares, Class B ordinary shares and American Depository Shares of Tuniu Corporation (TOUR.O.NASDAQ) amounting to RMB58,162,000 (31 December 2019: RMB118,325,000) and the investment in China PengFei Group Limited (中國鵬飛集團有限公司, 3348.SEHK) amounting to RMB22,025,000 (31 December 2019: RMB17,688,000).
- (b) On 17 April 2017, Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. (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 had a fair value of RMB2,028,000,000 (31 December 2019: RMB2,027,647,000) as at 30 June 2020 and a fair value gain of RMB353,000 was recognised in OCI for the six months ended 30 June 2020 (six months ended 30 June 2019: fair value loss of RMB10,146,000).

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

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

For the six months ended 30 June 2020, fair value gain of RMB2,833,000 (six months ended 30 June 2019: fair value loss of RMB8,197,000) for bills receivables is recognised in OCI.



## Interim Condensed Consolidated Financial Statements

**18 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES)****(i) Loans receivables**

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Loan to a related party (Note (a))	–	7,000
Loans to third parties (Note (b) and (c))	<b>3,291,453</b>	3,361,261
Less: Loss allowance	<b>(961,461)</b>	(614,250)
	<b>2,329,992</b>	2,754,011
Represented:		
– Current portion	<b>2,268,142</b>	2,705,794
– Non-current portion	<b>61,850</b>	48,217
	<b>2,329,992</b>	2,754,011

Note:

- (a) The Company entered into an agreement in April 2018, pursuant to which a loan of RMB28,000,000 was lent to an associate of the Company, Nanjing Jiansheng Real Estate Development Company Limited (南京建盛房地產開發有限公司) (“**Jiansheng**”). As at 31 December 2019, the balance was unsecured, interest bearing at 9% per annum and has been fully settled in January 2020.
- (b) During the six months ended 30 June 2020, the Group has not granted any new loan to nor received the repayment from third parties with individual amount more than RMB100,000,000. Details of loan receivables are set out in Note 28(i) of the Group’s consolidated financial statements for the year ended 31 December 2019.
- (c) As at 30 June 2020, a loan receivable of RMB6,385,000 (31 December 2019: RMBNil) was guaranteed by the Group’s controlling shareholder, Mr. Ji Changqun (“**Mr. Ji**”). The guarantee was subsequently released upon the settlement in full in July 2020.

## Interim Condensed Consolidated Financial Statements

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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Consideration receivables (Note)	<b>5,520</b>	185,046
Less: Loss allowance	<b>(1,368)</b>	(1,368)
	<b>4,152</b>	183,678

Note:

As at 31 December 2019, a receivable of RMB179,546,000 was related to disposal of a bundle of the Group's entire equity interests of ten subsidiaries and four associates to an independent third party, Ningbo Gaoguang Enterprise Management Co., Ltd (寧波高光企業管理有限公司). As at 30 June 2020, a receivable of RMB5,500,000 (31 December 2019: RMB5,500,000) was related to the disposal of 11% equity of Dongqiao Technology (Shanghai) Co., Ltd (東喬科技(上海)有限責任公司).



## Interim Condensed Consolidated Financial Statements

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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Other receivables		
– Amounts due from third parties (Note)	<b>2,584,479</b>	2,847,415
– Amounts due from joint ventures	<b>1,730</b>	445
– Amounts due from associates	<b>49,866</b>	244,463
Less: Loss allowance	<b>(562,261)</b>	(508,639)
	<b>2,073,814</b>	2,583,684
Represented:		
– Current portion	<b>2,071,096</b>	2,571,609
– Non-current portion	<b>2,718</b>	12,075
	<b>2,073,814</b>	2,583,684

Note:

As at 30 June 2020, the balance included an amount of RMB895,543,000 (31 December 2019: RMB1,003,834,000) receivable from former subsidiaries which were disposed of during the year ended 31 December 2019, with accumulated impairment losses of RMB400,675,000 (31 December 2019: RMB405,239,000) which were considered probably not recoverable. The overdue beneficial interests of a trust of RMB512,813,000 as at 31 December 2019 was received during the six months ended 30 June 2020.



## Interim Condensed Consolidated Financial Statements

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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Other financial assets at amortised cost		
– Amounts due from third parties (Note (a))	<b>1,035,752</b>	1,019,547
– Amount due from a related party (Note (b))	–	254,050
Less: Loss allowance	<b>(365)</b>	(365)
	<b>1,035,387</b>	1,273,232
Represented:		
– Current portion	–	254,050
– Non-current portion	<b>1,035,387</b>	1,019,182
	<b>1,035,387</b>	1,273,232

Note:

- (a) The balances as at 30 June 2020 and 31 December 2019 represented two financial products purchased from an insurance company with interests of fixed rates at 6.50% and 5.80% respectively per annum, both with a 5-year maturity in 2023. The interest and principal are repayable at the maturity date.
- (b) The balance as at 31 December 2019 represented the corporate bonds, issued by one of the Group's related parties in prior year, acquired from an independent third party. The amount was fully settled during the six months ended 30 June 2020.

## Interim Condensed Consolidated Financial Statements

## 19 TRADE RECEIVABLES

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Trade receivables		
– Amounts due from third parties	<b>3,005,729</b>	3,003,291
– Amounts due from joint ventures	<b>6,958</b>	10,347
Less: Loss allowance	<b>(641,898)</b>	(548,486)
	<b>2,370,789</b>	2,465,152

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:

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Within 90 days	<b>2,041,270</b>	1,904,273
91 to 180 days	<b>72,413</b>	99,262
181 to 365 days	<b>104,606</b>	221,361
Over 365 days	<b>152,500</b>	240,256
	<b>2,370,789</b>	2,465,152

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

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

## Interim Condensed Consolidated Financial Statements

**20 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS**

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Cash and bank balances	<b>6,045,670</b>	5,528,257
Less: Restricted cash		
– Pledged bank deposits	<b>(2,373,149)</b>	(2,720,564)
– Restricted bank deposits	<b>(10,186)</b>	(10,690)
	<b>(2,383,335)</b>	(2,731,254)
Cash and cash equivalents	<b>3,662,335</b>	2,797,003

Cash at banks earns interest at floating rates based on daily bank deposit rates. Bank deposits earn interest at the respective time deposit rates. The bank balances, pledged bank deposits and restricted bank deposits are deposited with creditworthy banks with no recent history of default.



## Interim Condensed Consolidated Financial Statements

## 21 TRADE AND BILLS PAYABLES

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Trade payables		
– Amounts due to third parties	<b>2,661,887</b>	2,204,139
– Amounts due to joint ventures	<b>1,115</b>	1,115
– Amounts due to associates	<b>306</b>	318
Bills payables	<b>3,450,843</b>	3,884,766
	<b>6,114,151</b>	6,090,338

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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Within 90 days	<b>3,121,657</b>	2,712,836
91 to 180 days	<b>2,198,914</b>	856,623
181 to 365 days	<b>597,169</b>	2,313,853
Over 365 days	<b>196,411</b>	207,026
	<b>6,114,151</b>	6,090,338

Trade payables due to associates and joint ventures included in the trade and bills payables are repayable within 90 days, which represents credit terms similar to those offered by the associates or joint ventures to their major customers.

Trade payables are interest-free and are normally settled on terms of 90 to 180 days.

## Interim Condensed Consolidated Financial Statements

## 22 OTHER PAYABLES AND ACCRUALS

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Accruals	<b>793,519</b>	1,029,335
Amounts due to joint ventures	<b>1,948</b>	–
Amounts due to associates	<b>113</b>	221
Other tax payables	<b>154,447</b>	124,171
Other payables	<b>567,407</b>	551,587
Refundable deposit received (Note)	<b>1,000,000</b>	1,000,000
Payroll and welfare payables	<b>129,771</b>	215,482
Liability arising from financial guarantee contracts	<b>28,115</b>	28,115
Payables for purchase of property, plant and equipment	<b>100,199</b>	167,867
	<b>2,775,519</b>	3,116,778

All of the amounts due to joint ventures and associates are unsecured, interest-free and repayable within 180 days.

Note:

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

On 24 April 2018, the Company, Five Seasons XVI and the Potential Offeror entered into an earnest money agreement (the "**Earnest Money Agreement**"), pursuant to which, the Potential Offeror shall provide an amount in cash or cash equivalents of RMB1,000,000,000 to the Company (or its subsidiaries) as refundable earnest money within 30 days from the date of the Earnest Money Agreement. On 28 September 2018, the relevant parties entered into a supplemental earnest money agreement ("**Supplemental Earnest Money Agreement**"), together with the Earnest Money Agreement, collectively referred to as "**Earnest Money Agreements**") to extend the term of the Earnest Money Agreement, and pursuant to which if, among others, no definitive agreement in respect of the Possible Sale and Purchase was entered into on or before 31 October 2018, the Company shall refund and return in full the earnest money (without any income accrued thereon) to the Potential Offeror (or its nominee) within 15 business days. As at 31 October 2018, no definitive agreement(s) has been entered into among the parties. As such, the Earnest Money Agreements have been automatically terminated. As at 30 June 2020 and 31 December 2019, the deposit received has yet to be refunded to the Potential Offeror.

## Interim Condensed Consolidated Financial Statements

## 23 BANK AND OTHER BORROWINGS

	30 June 2020 (Unaudited)		31 December 2019 (Audited)	
	Current RMB'000	Non-current RMB'000	Current RMB'000	Non-current RMB'000
Secured				
– Bank loans	1,159,736	1,378,954	1,042,057	1,559,500
– Loans from other financial institutions	1,006,903	–	1,344,000	–
– Loans from other third parties	373,009	3,160	315,959	1,000
Total secured borrowings	2,539,648	1,382,114	2,702,016	1,560,500
Unsecured				
– Bank loans	2,396,531	–	1,927,500	–
– Loans from ultimate holding company	580,180	786,794	502,099	755,860
– Loans from other third parties	257,471	2,000	67,415	215,027
Total unsecured borrowings	3,234,182	788,794	2,497,014	970,887
	5,773,830	2,170,908	5,199,030	2,531,387

Bank and other borrowings carry interest ranging from 0% to 12.50% (31 December 2019: 0% to 9.50%) per annum. Current loans from ultimate holding company of RMB580,180,000 (31 December 2019: RMB502,099,000) are interest-free and non-current loans from ultimate holding company of RMB786,794,000 (31 December 2019: RMB755,860,000) carry effective interest rate at 4.75% (31 December 2019: 4.75%) per annum.



## Interim Condensed Consolidated Financial Statements

### 23 BANK AND OTHER BORROWINGS (continued)

Bank and other borrowings are repayable as follows:

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Within one year or on demand	<b>5,773,830</b>	5,199,030
Between one and two years	<b>1,192,782</b>	1,698,471
Between two and five years	<b>697,355</b>	451,100
Over five years	<b>280,771</b>	381,816
	<b>2,170,908</b>	2,531,387
	<b>7,944,738</b>	7,730,417

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

- (i) All of the Group's equity interests in CHS, a subsidiary of the Group.
- (ii) The Group's assets as disclosed in Note 29.

In addition, bank loans of RMB1,806,352,000 (31 December 2019: RMB1,514,716,000) were guaranteed by Mr. Ji. Bank loans of RMB867,292,000 (31 December 2019: RMB500,000,000) were guaranteed by Mr. Ji and a close family member of Mr. Ji.

### 24 ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 21 January 2020, the Group acquired the entire equity interests in Nanjing Zhonghui Heda Business Management Co., Ltd (南京眾慧合達商業管理有限公司) ("Nanjing Heda") from an independent third party with a consideration of RMB398,000,000. Nanjing Heda is principally engaged in property investment. The acquisition was made as part of the Group's strategy to increase the commercial property portfolio. Since the acquisition was made solely to acquire its investment properties, the acquisition of Nanjing Heda has been accounted for as acquisition of assets and liabilities through acquisition of a subsidiary rather than a business combination in accordance with HKFRS 3.

## Interim Condensed Consolidated Financial Statements

### 24 ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

(continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	<b>Fair value consideration allocated (Unaudited) RMB'000</b>
Investment properties	384,826
Other receivables	23,610
Cash and cash equivalents	1,269
Other payables and accruals	(11,705)
	<hr/>
Net assets acquired	398,000
	<hr/> <hr/>
Total consideration settled by cash	398,000
	<hr/> <hr/>
Analysis of cash flows on acquisition:	
Cash consideration	(398,000)
Cash acquired with the subsidiary	1,269
	<hr/>
Net cash outflows on acquisition	(396,731)
	<hr/> <hr/>

### 25 DISPOSAL OF SUBSIDIARIES

On 8 January 2020, the Group entered into an agreement with an independent third party to dispose of its entire equity interests in Kunshan Herong Properties Development Limited (昆山和融房地產開發有限公司) (“**Kunshan Herong**”) at a consideration of RMB28,000,000.

On 19 January 2020, the Group entered into an agreement with an independent third party to dispose of its entire equity interests in Jiangsu Green Capital Construction Design Institute Co., Ltd (江蘇綠色都建建築設計研究院有限公司) (“**Green Capital**”) at a consideration of RMB16,397,000.

## Interim Condensed Consolidated Financial Statements

### 25 DISPOSAL OF SUBSIDIARIES (continued)

The assets and liabilities of the above subsidiaries at the respective dates of their disposals were as follows:

	<b>Kunshan Herong (Unaudited) RMB'000</b>	<b>Green Capital (Unaudited) RMB'000</b>	<b>Total (Unaudited) RMB'000</b>
Net assets disposed of comprised:			
– Other intangible assets	–	4	4
– Property, plant and equipment	63	446	509
– Properties held for sale	356,044	–	356,044
– Prepayments	–	324	324
– Trade receivables	–	5,267	5,267
– Other receivables	16,985	6,477	23,462
– Income tax prepaid	5,829	33	5,862
– Financial assets at FVPL	–	1,000	1,000
– Cash and cash equivalents	7,003	712	7,715
– Trade and bills payables	(48,761)	(1,473)	(50,234)
– Other payables and accruals	(294,857)	(1,152)	(296,009)
– Contract liabilities	(10,223)	(1,645)	(11,868)
– Income tax payable	–	(60)	(60)
– Deferred tax liabilities	(5,379)	–	(5,379)
	<hr/>	<hr/>	<hr/>
Net assets disposed of	26,704	9,933	36,637
Cash consideration	(28,000)	(16,397)	(44,397)
	<hr/>	<hr/>	<hr/>
Gain on disposal of subsidiaries (Note 9)	1,296	6,464	7,760
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Analysis of cash flows on disposal:			
Consideration received	28,000	16,397	44,397
Cash and cash equivalents disposed of	(7,003)	(712)	(7,715)
	<hr/>	<hr/>	<hr/>
Net cash inflows from disposal	20,997	15,685	36,682
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Interim Condensed Consolidated Financial Statements

### 26 DEEMED DISPOSAL OF A SUBSIDIARY

The Group holds 46.96% equity interests in Tianjin Chuanzai Jintong Financing Leasing Co., Ltd (“**Tianjin Chuanzai**”). Pursuant to the contractual arrangement between the Group and the other shareholder, the Group controls the majority composition of the board of directors of Tianjin Chuanzai, the highest authority making decision for all major issues of the entity. The directors of the Company considered that the Group had control over Tianjin Chuanzai and it was therefore classified as a subsidiary as at 31 December 2019.

During the six months ended 30 June 2020, an unanimous shareholder resolution regarding the change of right to appoint directors by shareholders was approved, pursuant to which the Group no longer controlled the majority composition of the board of directors of Tianjin Chuanzai but is still able to exercise the significant influence. Therefore, Tianjing Chuanzai was ceased to be a subsidiary and classified as an associate.

The assets and liabilities derecognised at the date in loss of control of Tianjin Chuanzai were as follows:

	(Unaudited) RMB'000
Trade and other receivables	166,665
Cash and cash equivalents	40
Trade and other payables	(1,472)
Non-controlling interests	(87,641)
	<hr/>
Net assets derecognised	77,592
Less: Fair values of equity interests in Tianjin Chuanzai classified as investment in an associate	(77,592)
	<hr/>
Gain on deemed disposal of a subsidiary	-
	<hr/> <hr/>
Analysis of cash flows on deemed disposal:	
Deemed consideration	-
Cash and cash equivalents derecognised	(40)
	<hr/>
Net cash outflows on deemed disposal	(40)
	<hr/> <hr/>

# Interim Condensed Consolidated Financial Statements

## 27 CONTINGENT LIABILITIES

As at 30 June 2020, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

### (i) Mortgage facilities

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Guarantees given to banks in connection with mortgage facilities (Note (a))	<b>80,074</b>	225,494
Guarantees given to a bank in connection with motor vehicle finance lease facilities (Note (b))	<b>34,717</b>	43,574

Note:

- (a) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalties owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtains the "property title certificate" for the mortgagees, or when the Group obtains the "master property title certificate" upon completion of construction. The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties. Therefore, no provision has been made in the interim condensed consolidated financial statements for these guarantees.



## Interim Condensed Consolidated Financial Statements

### 27 CONTINGENT LIABILITIES (continued)

#### (i) Mortgage facilities (continued)

Note: (continued)

- (b) The Group provided guarantees in respect of motor vehicle finance leases facilities granted by a bank to eligible borrowers. Pursuant to the terms of the guarantees, upon default in finance leases payments by these borrowers, the Group is responsible to repay the outstanding principals together with accrued interests and penalties owed by the defaulted borrowers to the bank. The Group's guarantee period starts from the date of grant of the relevant finance leases and ends when the customers settle their financial leases obligations in full. The directors consider that in case of default in payments, the amounts of security deposits received from borrowers, which ranged from 6% to 8% to the granted amounts, are more than the amounts of bank security deposits to be forfeited, which were around 4.93% of granted amounts; and Nanjing Jiangong Industrial Group Co., Ltd. (南京建工產業集團有限公司) ("**Nanjing Jiangong Industrial**", formerly known as Nanjing Fullshare Industrial Holding Group Co., Ltd. (南京豐盛產業控股集團有限公司)), a connected person of the Company, guarantees the Group's potential liabilities arisen from default cases. Therefore, no provision has been made in the interim condensed consolidated financial statements for these guarantees.
- (ii) As at 30 June 2020, the Group provided guarantees to an associate and two independent third parties in favour of their bank loans of RMB298,010,000 (31 December 2019: RMB306,010,000) and RMB470,974,000 (31 December 2019: RMB470,000,000), respectively. These amounts represented the balances that the Group could be required to pay if the guarantees were called upon in its entirety. At the end of the reporting period, an amount of RMB28,115,000 (31 December 2019: RMB28,115,000) has been recognised in the interim condensed consolidated statement of financial position as liabilities.
- (iii) On 30 August 2019, a sale and purchase agreement is entered into between an independent third party (the "**Purchaser**"), Fullshare Value Fund I (A) L.P. (the "**Vendor**"), a joint venture of the Group, and the general partner of the Vendor, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the 100% of the issued and paid-up shares of Five Seasons XXII Limited ("**BVI SPV**"), a wholly-owned subsidiary of the Vendor, subject to the terms and conditions thereof. The BVI SPV indirectly holds the interests of GSH Plaza in Singapore. The former owner of the GSH Plaza is under certain legal cases with the property builders.

## Interim Condensed Consolidated Financial Statements

### 27 CONTINGENT LIABILITIES (continued)

(iii) (continued)

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

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

In the opinion of the directors, based on the claim history from the Purchaser to the Group and the reimbursement history from the former owner to the Group, the possibility of default or inability of discharging the relevant obligations by the Group is remote. Accordingly, no provision in relation to the guarantee has been made as at 30 June 2020 and 31 December 2019.

- (iv) On 12 November 2015, Nanjing High Speed and NGC Transmission Europe GmbH (hereafter "**NGC Parties**") jointly entered into a strategic cooperation agreement (the "**Cooperation Agreement**") with Sustainable Energy Technologies GmbH ("**SET**") on the development and sale of certain electromechanical differential gearboxes for the use in industrial plants and wind mills, including its production and marketing (the "**Project**"). The Cooperation Agreement was terminated prematurely by SET on 23 February 2018.

## Interim Condensed Consolidated Financial Statements

### 27 CONTINGENT LIABILITIES (continued)

(iv) (continued)

In 2019, NGC Transmission Europe GmbH received a claim (the “**Claim**”) filed by SET with a total amount of EUR11,773,000 (equivalent to RMB92,012,000) (the “**Claimed Amount**”) against NGC Parties for breaches of contractual obligations under the Cooperation Agreement relating to the Project.

Upon the date of the approval of the interim condensed consolidated financial statements, the Claim was still awaiting for trial. The independent lawyers engaged by the Group believe that there are solid arguments to rebut the Claim on the merits whilst also see a certain settlement value to this case which would be substantially below 50% of the total Claimed Amount. As at 30 June 2020, based on the assessment of the independent lawyers, a compensation liability amounting to RMB8,066,000 (31 December 2019: RMB8,066,000) was accrued by the management.

- (v) On 16 August 2019, it came to the attention of the Company that Mr. Ji was named a defendant in a proceeding involving claim for alleged overdue payments of approximately HK\$1,466,000,000 (the “**Proceeding**”). No further information in respect of the Proceeding and the claim thereunder is available as at the date of these interim condensed consolidated financial statements. Pursuant to relevant terms of the Group’s loan agreements, the Proceeding might be considered as an event of default the occurrence of which will allow the lender to demand accelerated repayments for certain loans of the Group totalling approximately RMB1,055,081,000 as at 30 June 2020 (31 December 2019: RMB1,076,889,000) (“**Loan**”). However, up to the date of these interim condensed consolidated financial statements, the Group has not received any request from any lender of the Loan for any accelerated repayment. Further, the management of the Company considers that adequate collaterals have been provided to secure the Loan. Accordingly, no adjustment or reclassification of the Loan is made to reflect the impact of the Proceeding.



## Interim Condensed Consolidated Financial Statements

### 28 COMMITMENTS

#### (i) Operating lease arrangement – the Group as lessor

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

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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Within 1 year	<b>278,645</b>	268,210
After 1 year but within 2 years	<b>290,900</b>	278,384
After 2 years but within 3 years	<b>195,941</b>	293,250
After 3 years but within 4 years	<b>55,753</b>	88,698
After 4 years but within 5 years	<b>53,499</b>	12,817
After 5 years	<b>120,005</b>	83,898
	<b>994,743</b>	1,025,257



## Interim Condensed Consolidated Financial Statements

### 28 COMMITMENTS (continued)

#### (ii) Capital commitments

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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Contracted, but not provided for:		
– Property, plant and equipment	<b>289,597</b>	237,046
– Capital contributions to associates	<b>177,000</b>	129,000
– Capital contributions to joint ventures	<b>350,000</b>	50,000
	<b>816,597</b>	416,046

#### (iii) Other commitments

On 9 February 2018, the Company, China Merchants Securities Asset Management Company Limited (招商證券資產管理有限公司) and Ningbo Zhongbang, both being limited partners of Ningbo Fengdong Investment Management Partnership Enterprise (Limited Partnership) (寧波豐動投資管理合夥企業(有限合夥)) (“**Fund**”) (collectively referred to as “**Limited Partners**”) and Ningbo Zhongxin Wanbang Asset Management Company Limited (寧波眾信萬邦資產管理有限公司), being the general partner of the Fund entered into a forward sale and purchase agreement (“**Forward Purchase Agreement**”) pursuant to which the Company has conditionally agreed to acquire from each of the Limited Partners their respective interests in the Fund at a maximum consideration of approximately RMB3,342,507,000 which was determined with reference to the capital contributions made by the Limited Partners of an aggregate amount of approximately RMB2,630,000,000 and the expected return to be distributed by the Fund in accordance with the terms of the limited partner agreement on the relevant settlement date in accordance with the terms of the Forward Purchase Agreement.

## Interim Condensed Consolidated Financial Statements

### 28 COMMITMENTS (continued)

#### (iii) Other commitments (continued)

The object of the Fund is to invest in Shanghai Joyu Culture Communication Company Limited (上海景域文化傳播股份有限公司) (“**Shanghai Joyu**”), or such other companies or businesses as may be agreed by the Limited Partners and the general partner. Shanghai Joyu is principally engaged in the tourism and vacation businesses and is a one-stop Online to Offline (“**O2O**”) service provider in the PRC tourism business. As at 30 June 2020, the Fund held approximately 26.33% (31 December 2019: 26.33%) interests in Shanghai Joyu.

### 29 PLEDGE OF ASSETS

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

	<b>30 June 2020 (Unaudited) RMB'000</b>	31 December 2019 (Audited) RMB'000
Properties under development	<b>186,472</b>	16,974
Properties held for sale	<b>53,685</b>	–
Investment properties	<b>3,621,241</b>	3,938,321
Property, plant and equipment	<b>1,809,445</b>	1,902,164
Right-of-use assets regarding the land use rights	<b>252,594</b>	254,658
Financial assets at FVOCI	<b>1,139,248</b>	1,310,735
Pledged bank deposits	<b>2,373,149</b>	2,720,564
	<b>9,435,834</b>	10,143,416



## Interim Condensed Consolidated Financial Statements

### 30 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

		<b>For the six months ended 30 June</b>	
		<b>2020</b>	2019
		<b>(Unaudited)</b>	(Unaudited)
	Note	<b>RMB'000</b>	RMB'000
Associates:			
– Rental income and other charges	(a)	–	861
– Purchases of products	(b)	<b>28,978</b>	1,316
– Receipt of loan lent and related interests	(d)	<b>7,892</b>	–
– Interest income	(d)	–	1,195
Joint ventures:			
– Acquisition of investment properties	(i)	<b>68,500</b>	–
– Sales of products	(c)	<b>11,751</b>	6,444
– Repayment of loans principal and related interests	(e)	–	18,814
– Interest expense	(e)	<b>7,543</b>	11,447
The subsidiaries of the Group's ultimate controlling shareholder:			
– Management service income	(f)	<b>321</b>	2,307
– Repayment of assigned loan	(g)	–	1,489
– Acquisition of property, plant and equipment	(j)	<b>96</b>	–
The Group's controlling shareholder:			
– Loan received	(h)	<b>230,000</b>	–
– Repayment of loan principal	(h)	<b>158,988</b>	–
– Interest expense	(h)	<b>17,787</b>	16,219

## Interim Condensed Consolidated Financial Statements

### 30 RELATED PARTY TRANSACTIONS (continued)

#### (i) Transactions with related parties (continued)

Note:

- (a) Rental income and other charges mainly represented the arrangements about those the Group charged an associate for rental transactions, water and electricity expenses and other overhead costs according to the actual costs incurred.
- (b) The purchases from the associates were made according to the published prices and were agreed by both parties.
- (c) The sales to the joint ventures were made according to the published prices and conditions offered to the major customers of the Group, except that a longer credit period of up to six months is normally granted.
- (d) The Group entered into a loan agreement with Jiansheng to lend RMB28,000,000 in April 2018. The unsettled loan balance of RMB7,000,000 and interest receivable of RMB892,000 at 31 December 2019 were received during the six months ended 30 June 2020.
- (e) On 13 March 2017, the Group entered into an agreement with FVF I LP to borrow US\$53,739,000 (equivalent to RMB370,558,000) at an annual interest rate of 8%. During the six months ended 30 June 2020, interest expense of RMB7,543,000 was recognised (six months ended 30 June 2019: RMB11,447,000). During the six months ended 30 June 2019, the Group repaid the outstanding interests of RMB18,814,000.
- (f) The management service income is generated from the transactions which are carried out on terms agreed by the Group and the counterparty, which is ultimately controlled by Mr. Ji.
- (g) On 18 March 2019, a deed of assignment was entered into between Jinbaolai Hongkong Trade Co., Limited (金寶來香港貿易有限公司) ("**Jinbaolai**"), an independent third party and Glorious Time Holdings Limited ("**Glorious Time**"), an entity in which Mr. Ji has beneficial interests, pursuant to which a loan receivable from the Group of US\$24,184,000 (equivalent to approximately RMB169,743,000) was assigned by Jinbaolai to Glorious Time. The Group repaid US\$216,000 (equivalent to approximately RMB1,489,000) during the six months ended 30 June 2019.

## Interim Condensed Consolidated Financial Statements

### 30 RELATED PARTY TRANSACTIONS (continued)

#### (i) Transactions with related parties (continued)

Note: (continued)

- (h) The Group entered into several loan agreements with Magnolia Wealth International Limited (“**Magnolia Wealth**”), the immediate and ultimate holding company of the Company. As at 30 June 2020, current amounts due to Magnolia Wealth are interest-free (31 December 2019: interest-free). Non-current amounts due to Magnolia Wealth as at the end of the reporting period bear an effective interest rate at 4.75% (31 December 2019: 4.75%) per annum. During the six months ended 30 June 2020, the Group recognised interest expense of RMB17,787,000 (six months ended 30 June 2019: RMB16,219,000), received loan of RMB230,000,000 (six months ended 30 June 2019: RMBNil) and repaid loan of RMB158,988,000 (six months ended 30 June 2019: RMBNil).
- (i) On 25 March 2020, the Group acquired investment properties from a joint venture for a consideration of RMB68,500,000, which was based on the fair value of the investment properties.
- (j) During the six months ended 30 June 2020, the Group acquired certain property, plant and equipment from a company which is controlled by Mr. Ji together with the novation of office rental agreement.

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

The Group’s outstanding balances with its related parties as at the end of the reporting period are disclosed in loans receivables (Note 18(i)) and 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).

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

- (a) As at 31 December 2018, the Group has provided guarantees to Nanjing Jiangong Industrial and Nanjing Jiangong Group Co. Ltd. (南京建工集團有限公司) (“**Nanjing Jiangong**”) in favour of their 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.

## Interim Condensed Consolidated Financial Statements

### 30 RELATED PARTY TRANSACTIONS (continued)

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

##### (a) (continued)

On 13 June 2018 and 20 September 2018, each of Mr. Ji, Nanjing Jiangong Industrial and Nanjing Jiangong executed two guarantee letters (collectively referred to as the “**Guarantee Letters**”) in favor of the Group. Pursuant to the Guarantee Letters, Mr. Ji undertook that before the bank loans are fully repaid or the pledge is released, the balance of loans granted by him (and/or any companies controlled by him) to the Group shall be at least HK\$900,000,000 (equivalent to RMB790,351,000) and HK\$550,000,000 (equivalent to RMB482,992,000), 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.

As at 30 June 2020, the Group had loan balances with the amount of RMB1,366,974,000 (31 December 2019: RMB1,257,959,000) granted by company controlled by Mr. Ji (Note 23) exceeding the above bank loans by Nanjing Jiangong Industrial and Nanjing Jiangong. In the opinion of the directors, guarantees provided by Mr. Ji shall indemnify against any liabilities arising out of the pledged assets. Accordingly, no provision for the obligation due to guarantee has been made at the end of the reporting period.

- (b) Refer to Note 27(ii) for the further details of the Group’s guarantees in relation to the loan agreements of related parties.

#### (iv) Compensations of key management personnel of the Group:

	<b>For the six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB’000</b>	RMB’000
Short term employee benefits	<b>7,412</b>	9,710
Post-employment benefits	<b>135</b>	285
Total compensations paid to key management personnel	<b>7,547</b>	9,995

## Interim Condensed Consolidated Financial Statements

### 31 EVENTS AFTER THE REPORTING PERIOD

#### (i) COVID-19 outbreak

Since January 2020, COVID-19 outbreak has impacted the global business environment. Up to the date of these interim condensed consolidated financial statements, COVID-19 outbreak has created impact to the Group. Pending the development and spread of COVID-19 pandemic subsequent to the date of the interim condensed consolidated financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of these interim condensed consolidated financial statements. The Group will continue to monitor the development of the COVID-19 pandemic and react actively to its impact on the financial position and operating results of the Group.

#### (ii) Disposal of 3.58% of Zall Group Shares by way of placing

On 31 July 2020, completion of placing of shares of Zall Group (“**Zall Group Shares**”) (the “**Placing**”) took place in accordance with the terms and conditions of the placing agreement entered into by the Group on 5 June 2020 (“**Placing Agreement**”), pursuant to which an aggregate of 422,000,000 of Zall Group Shares have been placed to placees at the placing price of HK\$0.78 per Zall Group Share. The gross proceeds and the net proceeds from the Placing amounted to approximately HK\$329,160,000 and HK\$328,475,000 respectively. After the completion of Placing, the Group holds 587,453,000 Zall Group Shares, representing approximately 4.99% of the total issued share capital of Zall Group.

Details of the Placing are set out in the announcements of the Company dated 5 June 2020 and 31 July 2020 respectively.

#### (iii) Disposal of shares of Riyue through open market and block trade

During the period between 22 August 2019 and 5 August 2020, the Group (through a wholly-owned subsidiary of CHS) disposed an aggregate of 11,049,777 shares of Riyue through open market and block trade in a series of transactions at an aggregate gross proceeds of approximately RMB206,612,000 (exclusive of transaction costs).

Details of the disposal are set out in the announcement of the Company dated 11 August 2020.

# Additional Information Required by the Listing Rules

## BUSINESS REVIEW

During the six months ended 30 June 2020 (the “**Period Under Review**”), the revenue of 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 contracted sales of approximately Renminbi (“**RMB**”) 20,253,000, representing a decrease of approximately 91% as compared with the six months ended 30 June 2019 (the “**Corresponding Period of 2019**”). The Group made contracted sales for an aggregate gross floor area (“**GFA**”) of approximately 1,088 sq.m., representing a decrease of approximately 92% as compared with the Corresponding Period of 2019. The contracted sales for Period Under Review were mainly contributed by Yuhua Salon Project. As at 30 June 2020, the Group’s contracted sales for the contracts signed but properties not yet delivered were approximately RMB3,500,000 with a total GFA of 187 sq.m. The decrease in contracted sales and GFA was mainly because most of the projects have been completed and disposed of in previous years. During the Period Under Review, the average contracted selling price was approximately RMB18,623 per sq.m., representing an increase of approximately 11% as compared with the Corresponding Period of 2019.



## Additional Information Required by the Listing Rules

As at 30 June 2020, a breakdown of the major properties held by the Group in the People's Republic of China (the "PRC") and their construction status was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area (sq.m.)	GFA completed (sq.m.)	GFA under construction (sq.m.)	Accumulated contracted sales GFA (sq.m.)	Interest attributable to the Group
Yuhua Salon (雨花客廳) A1	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	33,606	79,287	-	60,248	100%
Yuhua Salon (雨花客廳) A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Hotel and office project	Under construction	Third quarter of 2020	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	-	70,677	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	-	68,584	100%
Lianyungang Shunfeng Project (連雲港順豐項目) <sup>#</sup>	No. 8 Xingguang Road, Lianyungang economics development zone, Nanjing, Jiangsu Province, the PRC	Commercial project	Completed	Completed	-	7,571	-	-	100%
					155,486	409,883	81,380	199,509	

<sup>#</sup> It represents the vacant shops acquired by the Group during the Period Under Review.



## Additional Information Required by the Listing Rules

### (b) Investment properties

As at 30 June 2020, the investment properties of the Group mainly included Wonder City\* (虹悦城), certain units of Yuhua Salon\* (雨花客廳), Liuhe Happy Plaza Project\* (六合歡樂廣場項目), Nantong Youshan Meidi Garden Project\* (南通優山美地花園項目), Huitong Building Project\* (匯通大廈項目), Zhenjiang Youshan Meidi Garden Project\* (鎮江優山美地花園項目), and Weihai Project\* (威海項目).

	Address	Existing use	Term of contract	GFA (sq.m.)	Interest attributable to the Group
<b>Nanjing</b>					
Wonder City (虹悦城)	No. 619 Yingtian Da Jie, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	100,605	100%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and shopping mall	Medium-term covenant	78,886	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	2,755	100%
Liuhe Happy Plaza Project (六合歡樂廣場項目) (two floors)	No. 52-71 Longjinlu, Liuhe District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	18,529	100%
Liuhe Happy Plaza Project (六合歡樂廣場項目) (certain units)	No. 52-71 Longjinlu, Liuhe District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	1,628	100%
<b>Nantong</b>					
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%
<b>Zhenjiang</b>					
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%
<b>Weihai</b>					
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%

260,297

## Additional Information Required by the Listing Rules

### **(c) Green building services and entrusted construction services**

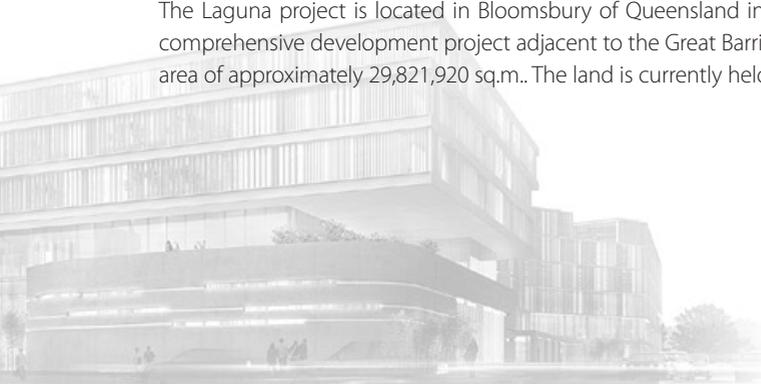
During the Period Under Review, the Group engaged in provision of technical design and consulting services, green management services and entrusted construction services in the PRC. During the Period Under Review, the revenue from both green building services and entrusted construction services was approximately RMB9,740,000 (six months ended 30 June 2019: RMB12,148,000).

### **(2) Tourism business**

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

The Group has steadily promoted its tourism supply chain business. By purchasing from upstream agents or centrally purchasing tourism resources, the Group helped the small and medium-sized travel agencies and certain online travel agency platforms (“OTAs”) to reduce the procurement costs effectively. Meanwhile, the Group also purchased and underwrote several tourism resources, and distributed air tickets, hotels, entrance tickets and traveling route products to downstream travel agencies or OTAs. The Group has in parallel established online and offline sales channels to distribute tourism products of Songtsam Culture Tourism\* (松贊文旅). The Group has cooperated with the Guoyi Tang Medical Center of Nanjing University of Chinese Medicine\* (南京中醫藥大學國醫堂) and China International Travel (Jiangsu)\* (江蘇國旅), etc., to develop health goods and distinctive healthcare tourism routes, which integrate health services, health goods and cultural tourism to bring users a different healthcare tourism experience.

The Laguna project is located in Bloomsbury of Queensland in Australia as 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.



## Additional Information Required by the Listing Rules

The Sheraton project is located in Port Douglas of Queensland in Australia, a globally renowned tourist attraction. The Sheraton project comprises the Sheraton Mirage Resort and the Golf Club project and has in total 295 guest rooms, 4 restaurants and bars and an 18-hole golf course, with a total land lot site area of approximately 1,108,297 sq.m., and a total GFA of approximately 62,328 sq.m.. During the Period Under Review, there was a sharp decrease in the number of overseas customers as Australia has imposed entry bans for travelers to Australia from the beginning of February 2020 due to the outbreak of novel coronavirus pandemic (the “**COVID-19 pandemic**”), and the local travel restrictions in Queensland led to a further decrease in the revenue from hotel operation. As of 30 June 2020, all tourists from outside Australia are still subject to a mandatory quarantine for 14 days.

Nanjing Five Seasons Hotel is located in the Ruanjian Valley, Nanjing City, Jiangsu Province of the PRC, and covers a land lot site area of 30,416 sq.m., with a total GFA of 81,380 sq.m.. It is expected that the hotel will be in full operation in September 2020.

Wenchang Five Seasons Hotel project is located in the coastal area of Gaolong Bay, Qinglan, Wenchang City, Hainan Province of the PRC. It is planned to be built into a five-star healthcare resort with a land lot site area of 61,689.33 sq.m.. The detailed planning and design proposal for construction has been in general approved by Wenchang Urban Planning Commission (文昌市規劃委員會), and the planning permit is expected to be obtained in the mid-September of 2020.

During the Period Under Review, the revenue from tourism business was approximately RMB29,520,000 (six months ended 30 June 2019: RMB169,044,000).

### (3) Investment and financial services business

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



## Additional Information Required by the Listing Rules

### (a) Listed equity investments held for trading

The portfolio of listed equity investments of the Group held for trading as at 30 June 2020 and 31 December 2019 is set out as below:

#### As at 30 June 2020

Stock code	Name	Number of shares held (Note 2)	Effective shareholding interest	Acquisition cost RMB'000	Carrying amount RMB'000	Unrealised holding gain/(loss) arising on revaluation for the period RMB'000	Realised gain/(loss) arising from the disposal for the period RMB'000	Dividend received/receivable for the period RMB'000
153.HK (Note 1)	China Saite Group Company Limited	190,120,000	6.29%	88,646	18,018	(9,233)	-	-
1908.HK (Note 1)	C&D International Investment Group Limited	-	0%	-	-	-	31,234	-
2098.HK (Note 1)	Zall Smart Commerce Group Ltd ( <b>Zall Group</b> )	984,453,000	8.35%	960,654	637,578	(40,204)	457	-
8307.HK (Note 1)	Medicskin Holdings Limited	-	0%	-	-	-	(2,959)	-
1708.HK (Note 1)	Nanjing Sample Technology Company Limited	645,500	0.08%	939	1,201	267	102	-
					656,797	(49,170)	28,834	-

#### Notes:

- All of the above companies are companies listed 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 2019

Stock code	Name	Number of shares held (Note 2)	Effective shareholding interest	Acquisition cost RMB'000	Carrying amount RMB'000	Unrealised holding gain/(loss) arising on revaluation for the year RMB'000	Realised gain/(loss) arising from disposal for the year RMB'000	Dividend received/receivable for the year RMB'000	
153.HK (Note 1)	China Saite Group Company Limited	190,120,000	6.29%	88,646	26,877	(35,505)	176	-	
1908.HK (Note 1)	C&D International Investment Group Limited	17,984,000	1.98%	65,541	145,142	33,360	31,815	34,044	
2098.HK (Note 1)	Zall Group	949,224,000	8.06%	947,452	645,482	(2,890,173)	-	-	
8307.HK (Note 1)	Medicskin Holdings Limited	80,000,000	16.47%	45,334	11,882	(5,376)	-	2,818	
					829,383	(2,897,694)	31,991	36,862	

Notes:

1. These companies are companies listed on the Stock Exchange.
2. All of the shares held by the Group are ordinary shares of the relevant company.



## Additional Information Required by the Listing Rules

As at 30 June 2020, the Group did not hold any significant investment with a value greater than 5% of the Group's total assets. The performance and prospect of the Group's major listed securities investment during the Period Under Review are as follows:

### *Zall Group*

The principal activities of Zall Group include developing and operating large-scale product-focused wholesale shopping malls which focus on sales of consumer goods and the related value-added businesses, such as warehousing, logistics, e-commerce and financial services in the PRC. The Group held approximately 984,453,000 (31 December 2019: 949,224,000) shares in Zall Group, representing approximately 8.35% of its entire issued capital as at 30 June 2020 (31 December 2019: 8.06%). The carrying amount of Zall Group accounted for approximately 1% of the Group's total assets as at 30 June 2020 (31 December 2019: 1%). The Group is of the view that the unrealised holding loss derived from holding Zall Group is non-cash in nature and relates to the change in fair value of the Group's investment in Zall Group that is volatile in nature. The unrealised holding loss will not adversely affect the Group's operating financial positions.

In order to adjust the investment portfolio and focus on pursuing development opportunities in the future, on 5 June 2020, the Group entered into a placing agreement with a placing agent to dispose up to 422,000,000 shares of Zall Group (the "**Zall Group Shares**"), which represent approximately 3.58% of the then total issued share capital of Zall Group (the "**Placing**"). The Placing was made in multiple tranches and the final completion took place on 31 July 2020. An aggregate of 422,000,000 Zall Group Shares were successfully placed at the placing price of HK\$0.78 per Zall Group Share. Following the completion and as at the date of this report, the Group holds 587,453,000 Zall Group Shares, representing approximately 4.99% of the total issued share capital of Zall Group. Further details of the Placing were set out in the announcements of the Company dated 5 June 2020 and 31 July 2020 respectively.

According to the 2019 annual report of Zall Group, Zall Group will continue to adhere to the main track of B2B and supply chain services with innovation, in order to build an intelligent trading system with high efficiency and low cost in a win-win situation and connecting global business intelligently. The Group will closely monitor the performance of its investment and adjust its investment plan and portfolio when necessary.

## Additional Information Required by the Listing Rules

### **(b) Other investments**

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

### **(c) Investment and financial related consulting services**

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

During the Period Under Review, this segment recorded a loss of approximately RMB386,496,000 (six months ended 30 June 2019: RMB2,784,742,000). The significant change is mainly derived from the fair value changes in financial instruments which are relatively volatile in nature. The gain before tax from the fair value changes in financial instruments for the Period Under Review was approximately RMB11,132,000 (six months ended 30 June 2019: loss of RMB2,542,845,000). The loss from fair value change after tax of the financial instruments at fair value through other comprehensive income was approximately RMB47,301,000 (six months ended 30 June 2019: RMB16,781,000). As at 30 June 2020, the total amount of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income held by the Group were approximately RMB2,390,106,000 and RMB6,427,103,000 (31 December 2019: RMB2,128,787,000 and RMB6,323,866,000) respectively.

## **(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 RMB151,283,000 (six months ended 30 June 2019: RMB162,020,000).



## Additional Information Required by the Listing Rules

### (5) **New Energy segment**

New energy segment is principally engaged in research, design, development, manufacture and distribution of a broad range of mechanical transmission equipment that are used in wind power and a wide range of industrial applications. During the Period under Review, the segment has contributed revenue of approximately RMB5,468,796,000 (six months ended 30 June 2019: RMB4,194,897,000) to the Group.

#### (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, the Group has a range of products including 750kW, 1.5MW, 2MW, 3MW and 5MW wind power transmission equipment which have been provided to domestic and overseas customers in bulk. The product technology has reached an internationally advanced technical level and is well recognised by customers in general. In addition to the provision of diversified large wind power gear boxes to customers, the Group has also successfully developed and accumulated 6MW and 7MW wind power gear box with a technological level comparable to its international peers, thus enabling it to have the capability and technology to produce those products.

Currently, the Group maintains a strong customer portfolio. Customers of its wind power business include the major wind turbine manufacturers in the PRC, as well as the renowned international wind turbine manufacturers such as GE Renewable Energy, Siemens Gamesa Renewable Energy and Vestas. With our quality products and good services, the Group has received a wide range of recognition and trust from customers at home and abroad. The Group has wholly-owned subsidiaries in the United States, Germany, Singapore, Canada and India to support the sustainable development strategy of the Group and to have closer communication and discussion with potential overseas customers with a view to providing further diversified services for global customers.



## Additional Information Required by the Listing Rules

### ***(b) Industrial gear transmission equipment***

The Group's traditional gear transmission equipment products are mainly supplied to customers in industries such as metallurgy, construction materials, traffic, transportation, petrochemical, aerospace and mining.

In the past two years, the equipment industry of China has been affected by overcapacity, for which the Group adjusted the development strategy for traditional industrial gear transmission equipment. Above all, with technology as its competitive advantage, the Group has upgraded the technology of the heavy products with a focus on energy-saving and environmentally-friendly products. Meanwhile, the Group has developed standardized, modular and intelligent products which are internationally competitive. Through the characteristics of "complete range, clear layers and precise subdivision" as our products positioning and market positioning, the Group would be able to change its sales strategies and to explore new markets and industries. In particular, the Group aims to focus on the research and development of the standard gearbox and planetary gearbox segment and to explore new markets of the same segment. At the same time, the Group strengthened its efforts to provide and sell parts and components of relevant products as well as system solutions to its customers, helping them to enhance their current production efficiency without increasing capital expenditure, thereby maintaining the Group's position as a major supplier in the traditional industrial transmission product market.



## Additional Information Required by the Listing Rules

### **(c) Rail transportation gear transmission equipment**

In respect of the gear transmission equipment for high-speed rails, metro lines, urban train and tram segments, the Group has obtained ISO/TS 22163 Certificate for the Quality Management System of International Railway Industry for its rail transportation products, which has laid a solid foundation for the Group's rail transportation products to expand to high-end international railway markets. Currently, the products have been successfully applied to rail transportation transmission equipment in Beijing, Shanghai, Shenzhen, Nanjing, Hong Kong and other cities in China and have also been successfully applied to rail transportation transmission equipment in multiple countries and regions such as Singapore, Brazil, Netherlands, India, Mexico, Tunisia, Australia and Canada. The Group will continue to actively expand the gear transmission equipment business to high-speed rails, metro lines, urban train and tram segments, and accelerate the research and development of rail transportation gear equipment products and strive for stronger development in the field of rail transportation gear transmission equipment.

### **PROSPECT**

In the second half of 2020, the Group will continue to focus on the development of the healthcare tourism and real estate segments. Pursuing the idea of the industrial platform, the Group will, through self-operation, investment in equities and cooperation, carry out resource operation and consolidation in terms of resources, platforms, branding and media marketing as well as financing and payment, in order to gradually form a healthcare tourism platform and a business ecosystem with a complete industrial hierarchy, full business synergy and sound transaction logic. Due to the impacts of the outbreak of the COVID-19 pandemic, it is estimated that the operations of the Company, especially the hotel, commerce and tourism segments, may further suffer adverse effects in the second half of year 2020. The Company will keep a close watch on the relevant developments, in an effort to mitigate the impacts as much as possible.

The Group will constantly strive to maintain healthy financial management policies, further enhance the effectiveness of capital utilisation, strengthen internal corporate governance, control operational risks and enhance its risk resistance capability.



## Additional Information Required by the Listing Rules

### PRINCIPAL RISKS AND UNCERTAINTIES

The Group conducts risk assessment and management measures from time to time to ensure its continuous future development. The Group attaches great attention to those factors that might affect its operation and will take appropriate actions to mitigate the potential impact. The Group has established the risk management committee and risk management working group to conduct risk control in various aspects including strategic development, investment decision, corporate operation and capital planning and closely monitor the potential risks and prepare its risk management plans accordingly. The summary of the Group's principal risks and relevant management is set out as follows.

#### Macro-economic environment

The Group is currently engaged in operating real estate business, holding financial assets mainly for the purposes of investment and developing healthcare tourism business in China. Changes in economic environment may result in unfavorable risks to its operating environment. In recent years, for the real estate industry, the Chinese government continuously adjusted and implemented a series of measures such as imposing policies on home-purchase and mortgage restrictions, adjusting the housing mortgage rate and tightening real estate credit, which served to regulate the assets management business in the financial market, but at the same time curbed the development of investment real estate.

Management's response: The current real estate business of the Group are mainly commercial properties. The adjustment in policies mainly aims at residential property and has little impact on the Group. The outbreak of COVID-19 pandemic dampened the investment sentiment in the market, with investors adopting a more cautious approach. The Group will continue to monitor the government policy regarding the real estate and financial sectors, enhance assets management and adopt flexible financing means. With established risk management policy and prudent investment strategy, the Group will make adjustments to its investment portfolio according to actual market conditions, so as to further improve the profitability of the Group.



## Additional Information Required by the Listing Rules

### Market competition

Competition in both healthcare tourism market and real estate market in China is fierce, covering (including but not limited to) market flow, service, quality, design, brand, cost control and environment ancillary facilities. If the competitors of the Group keep on improving their products, it may bring negative impact to the overall profit performance of the Group.

Management's response: The Group strives to improve its products quality and cost control to provide a healthier, easier and handier lifestyle for customers and partners. At the current industry consolidation stage, the Group expects to effectively increase market demand for its products and services through precise positioning, effective risk control and continuous improvement of product and service quality.

### Investment concentration risk

The investment segment of the Group mainly involves the holding of the shares in a Hong Kong-listed company, and the shares of such company were valued at approximately RMB637,578,000, representing nearly 3% of the Group's net assets. As such, the price change of such shares may have an impact on the investment segment and the Group's overall profitability.

Management's response: The Group noticed the change in share price of the company in which it holds the shares, and adjusted the allocation of the investment portfolio by gradually selling those shares with unsatisfactory performance in the market, so as to reduce the risks arising therefrom.



## Additional Information Required by the Listing Rules

### Changes in exchange rates

The current operating currency of the Group is RMB, but the financial assets held by the Group are mainly denominated in Hong Kong dollars, as a result of which, the respective assets value may be affected due to changes in exchange rates.

Management's response: With the US presidential election coming in the second half of the year, intensified Sino-US tension will lead to greater fluctuations in Renminbi exchange rate. Meanwhile, in case of substantial decline in the exchange rate of other currencies other than Renminbi, the price of offshore financial assets held by the Group will decrease, which will in turn result in a drop in the profitability of the investment segment. The Group will continue to keep track of the national monetary policies and global economic changes and closely monitor the financial instruments on the market that could hedge exchange rate exposure, so as to lower the impact of exchange rate fluctuation on the Group.

### Impacts of the COVID-19 pandemic

In 2020, the outbreak of the COVID-19 pandemic delivered a blow to the businesses of the Group, especially the hotel and education centres operated in Australia and commercial projects. The revenue from the hotel and the average income generated by each of the education centre operated in Australia for the Period Under Review were RMB28,699,000 and RMB2,527,000 respectively, representing a decrease of approximately RMB40,139,000 and RMB1,734,000 as compared to that of the Corresponding Period of 2019, down by approximately 58% and 41% respectively.

Management's response: The Group will continue to watch closely the potential impacts of the COVID-19 pandemic and take response measures to ensure safe and stable operation and development of domestic and overseas projects.



## Additional Information Required by the Listing Rules

### FINANCIAL REVIEW

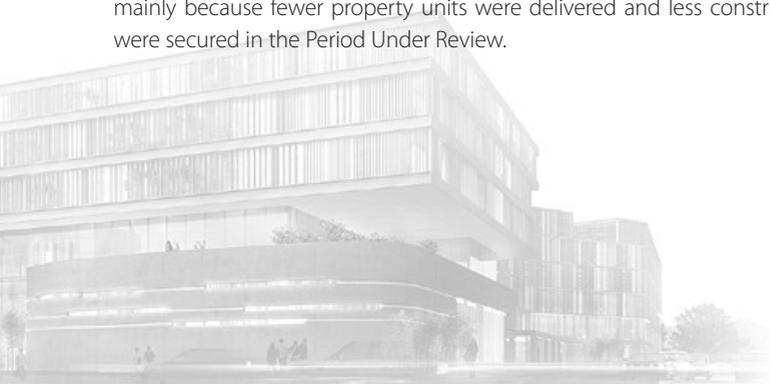
#### Revenue

The revenue of the Group increased by approximately RMB979,615,000, or 20%, from approximately RMB4,803,869,000 for the Corresponding Period of 2019 to approximately RMB5,783,484,000 for the Period Under Review. The revenue and the changes for the Period Under Review and Corresponding Period of 2019 derived from different segments are listed as below:

Segment	Period Under	Corresponding	Changes	
	Review	Period of	RMB'000	percentage
	RMB'000	2019	RMB'000	
Properties	124,364	253,662	(129,298)	(51)%
Tourism	29,520	169,044	(139,524)	(83)%
Investment and financial services	9,521	24,246	(14,725)	(61)%
Healthcare and education and others	151,283	162,020	(10,737)	(7)%
New energy	5,468,796	4,194,897	1,273,899	30%
Total Revenue	5,783,484	4,803,869	979,615	20%

The increment of the revenue of the Group mainly derived from the new energy segment which contributed the largest increment to the revenue of the Group amounting to approximately RMB1,273,899,000. It was mainly due to the increase in market demands of wind gear transmission equipment which led to the increase in delivery.

The revenue from properties segment decreased by approximately RMB129,298,000 which was mainly because fewer property units were delivered and less construction services contracts were secured in the Period Under Review.



## Additional Information Required by the Listing Rules

Though the revenue derived from education segment decreased slightly by approximately RMB10,737,000, its growth was significantly affected by the outbreak of COVID-19 pandemic. The average revenue for each early learning centre decreased due to the short-term policy implemented by Australian government which set a cap on the fee charged by the early learning centre. In addition, the health concern and increasing unemployment rate also brought an adverse impact on the demand for early learning centre services.

The revenue from tourism segment also decreased by approximately RMB139,524,000 which was attributed to the slump in the demands of travelers under the travel restrictions imposed by different countries due to the outbreak of COVID-19 pandemic during the Period Under Review.

### Cost of sales

The cost of sales of the Group increased by approximately RMB707,017,000, or 18%, from approximately RMB3,873,131,000 for the Corresponding Period of 2019 to approximately RMB4,580,148,000 for the Period Under Review. The cost and changes for the Period Under Review and Corresponding Period of 2019 derived from different segments are listed as below:

Segment	Period Under	Corresponding	Changes	
	Review	Period of	RMB'000	percentage
	RMB'000	2019	RMB'000	
Properties	94,115	105,882	(11,767)	(11)%
Tourism	48,466	171,596	(123,130)	(72)%
Investment and financial services	3,332	4,985	(1,653)	(33)%
Healthcare and education and others	122,793	132,028	(9,235)	(7)%
New energy	4,311,442	3,458,640	852,802	25%
Total cost	4,580,148	3,873,131	707,017	18%



## Additional Information Required by the Listing Rules

### Gross profit and gross profit margin

The gross profit of the Group increased by approximately RMB272,598,000, or 29%, from approximately RMB930,738,000 in the Corresponding Period of 2019 to approximately RMB1,203,336,000 for the Period Under Review. The gross profit margin increased from 19% in the Corresponding Period of 2019 to 21% 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 the new energy segment was approximately RMB1,157,354,000 and 21%. The gross profit and gross profit margin in the Corresponding Period of 2019 derived from the new energy segment was RMB736,257,000 and 18% respectively. The increase in the gross profit and gross profit ratio of the new energy segment was mainly due to the positive impact from economies of scale.

### Selling and distribution expenses

Selling and distribution expenses of the Group decreased slightly by approximately RMB6,089,000, or 3%, from approximately RMB205,132,000 in the Corresponding Period of 2019 to approximately RMB199,043,000 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 decreased by approximately RMB92,760,000, or 17%, from approximately RMB542,074,000 in the Corresponding Period of 2019 to approximately RMB449,314,000 for the Period Under Review. The administrative expenses for the Period Under Review mainly included salaries and staff welfare, depreciation and amortisation of tangible and intangible assets. The decrease in administrative expenses for the Period Under Review was mainly due to the Group's efforts in implementation of stricter cost control policy.

### Research and development costs

Research and development costs of the Group increased by approximately RMB68,503,000, or 42%, from approximately RMB163,877,000 in the Corresponding Period of 2019 to approximately RMB232,380,000 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.

## Additional Information Required by the Listing Rules

### Net impairment losses on the financial assets

The net impairment loss on the financial assets of the Group during the Period Under Review increased by approximately RMB117,032,000 or 30%, from approximately RMB395,633,000 in the Corresponding Period of 2019 to approximately RMB512,665,000 for the Period Under Review. The increase in credit impairment loss was mainly due to the increment in the expected loss rate of loan and other receivables in view of delayed repayments and worsening financial status of certain borrowers or debtors.

### Other income

Other income of the Group decreased by approximately RMB228,652,000, or 58%, from approximately RMB394,839,000 in the Corresponding Period of 2019 to approximately RMB166,187,000 for the Period Under Review. Other income for the Period Under Review mainly included bank and other interest income of approximately RMB68,354,000. Other income in the Corresponding Period of 2019 mainly included other interest income of approximately RMB171,274,000 and dividend income of approximately RMB60,265,000.

### 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 RMB11,132,000 for the Period Under Review as compared to the loss on change in fair value of approximately RMB2,542,845,000 in the Corresponding Period of 2019. The fair value change mainly derived from listed equity investments. The Group recorded a significant fair value loss in the Corresponding Period of 2019 which was mainly due to the price decrease of 949,224,000 shares of Zall Group held by the Group. During the Period Under Review, the share price is relatively stable. The Group will closely monitor its investment performance and will adjust its investment plan and portfolio when necessary.

### Other losses/gain – net

During the Period Under Review, other losses included an impairment loss of property, plant and equipment and goodwill amounting to RMB132,800,000 and RMB146,350,000 respectively. The impairment mainly related to hotel and land used for development of resort and the goodwill from education segment, both located in Australia. Due to the outbreak of COVID-19 pandemic, the tourism industry has been massively affected by the spread of coronavirus, as many countries have introduced travel restrictions in an attempt to contain its spread. Also, the job crisis arose from the suspension of economic activities started to put a challenge on the early learning industry, though there were subsidies from the government. In view of the negative impact brought by the coronavirus, the management reassessed the recoverable amounts of the relevant assets, which was lower than their carrying values. Accordingly, impairment losses were recognised.

## Additional Information Required by the Listing Rules

### Finance costs

Finance costs of the Group decreased by approximately RMB108,949,000, or 24%, from approximately RMB453,312,000 in the Corresponding Period of 2019 to approximately RMB344,363,000 for the Period Under Review, which was mainly due to the lower average borrowing amount of the Group for the Period Under Review than in the Corresponding Period of 2019.

### Share of result of joint ventures

The Group's share of loss from its joint ventures decreased from approximately RMB231,341,000 in the Corresponding Period of 2019 to approximately RMB5,133,000 for the Period Under Review. It is mainly because of the impairment loss recognised for the investee of Fullshare Value Fund I L.P in the Corresponding Period of 2019 and no such item was noted during the Period Under Review.

### Income tax expense/credit

For the Period Under Review, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB73,450,000 and RMB118,318,000 respectively, and in the Corresponding Period of 2019, the current tax expense and the deferred tax credit amounted to approximately RMB77,713,000 and RMB653,901,000, respectively.

The deferred tax credit for the Period Under Review was mainly derived from the net impairment losses on financial assets and tax losses recognised. The deferred tax credit in the Corresponding Period of 2019 was mainly derived from the fair value loss in financial instruments and net impairment losses on financial assets.

### Loss for the Period Under Review

For the Period Under Review, the Group recorded a loss after tax of approximately RMB587,185,000. In the Corresponding Period of 2019, the Group recorded a loss after tax of approximately RMB2,631,391,000. Compared with the Corresponding Period of 2019, the decrease in loss was mainly due to the decrease in net fair value loss after tax in financial instruments of approximately RMB2,553,977,000, finance cost and share of loss from joint ventures.

## Additional Information Required by the Listing Rules

### LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

#### Cash position

As at 30 June 2020, the Group had cash and cash equivalents (excluding the restricted cash) of approximately RMB3,662,335,000 (31 December 2019: RMB2,797,003,000), representing an increase by approximately RMB865,332,000 or 31% as compared to 31 December 2019. 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

The debt profile of the Group as at 30 June 2020 and 31 December 2019 are as follows:

	<b>As at 30 June 2020 RMB'000</b>	As at 31 December 2019 RMB'000
<b>Bank and other borrowings repayable:</b>		
Within one year or on demand	<b>5,773,830</b>	5,199,030
Between one and two years	<b>1,192,782</b>	1,698,471
Between two to five years	<b>697,355</b>	451,100
Over five years	<b>280,771</b>	381,816
	<b>7,944,738</b>	7,730,417
<b>Corporate bonds repayable:</b>		
Within one year or on demand	<b>1,522,493</b>	1,923,316
Between one and two years	-	498,437
	<b>1,522,493</b>	2,421,753
<b>Total debts</b>	<b>9,467,231</b>	10,152,170

As at 30 June 2020, the borrowings balance of the Group decreased by approximately RMB684,939,000 or 7%, as compared with 31 December 2019.

## Additional Information Required by the Listing Rules

### Leverage

The gearing ratio of the Group as at 30 June 2020, calculated as a ratio of the sum of bank and other borrowings and corporate bonds to total assets, was approximately 22% (31 December 2019: 23%). The net equity of the Group as at 30 June 2020 was approximately RMB20,055,888,000 (31 December 2019: RMB20,867,821,000).

As at 30 June 2020, the Group recorded total current assets of approximately RMB22,296,977,000 (31 December 2019: RMB21,803,811,000) and total current liabilities of approximately RMB19,573,790,000 (31 December 2019: RMB18,010,483,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.1 as at 30 June 2020 (31 December 2019: 1.2).

### 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 2020, bank and other borrowings of approximately RMB5,916,150,000, RMB1,111,646,000, RMB627,832,000 and RMB289,110,000 were denominated in RMB, US dollars, Hong Kong dollars and Australia dollars respectively (31 December 2019: RMB7,427,014,000, RMB6,976,000, RMB nil and RMB296,427,000). As at 30 June 2020, corporate bonds of approximately RMB1,513,135,000 and RMB9,358,000 were denominated in RMB and Hong Kong dollars respectively (31 December 2019: RMB2,412,713,000 and RMB9,040,000). The debts in various currencies were mainly made to finance the operation of Group's entities in different jurisdictions.



## Additional Information Required by the Listing Rules

Bank and other borrowings and corporate bonds of approximately RMB6,978,097,000 (31 December 2019: RMB9,877,218,000) 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 2020 are set out in note 29 to the interim condensed consolidated financial statements attached to this report.

### OPERATING SEGMENT INFORMATION

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

### CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 30 June 2020 are set out in note 28(ii) to the interim condensed consolidated financial statements attached to this report.

### CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2020 are set out in note 27 to the interim condensed consolidated financial statements attached to this report.

### SUBSEQUENT EVENTS

As at 30 June 2020, details of the subsequent events of the Group are set out in note 31 to the interim condensed consolidated financial statements attached to this report.

## Additional Information Required by the Listing Rules

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

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

- (i) On 31 December 2019, Nanjing Fullshare Dazu Technology Co., Ltd.\* (南京豐盛大族科技股份有限公司) (“**Fullshare Dazu**”), an indirectly wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Nanjing Chuangrui Enterprise Management Co., Ltd.\* (南京創睿企業管理有限公司) (“**Nanjing Chuangrui**”), pursuant to which, Fullshare Dazu agreed to acquire, and Nanjing Chuangrui agreed to sell 100% equity interest of Nanjing Zhonghui Heda Business Management Co., Ltd.\* (南京眾慧合達商業管理有限公司) (the “**Target Company**”) for a consideration of RMB398,000,000 (equivalent to approximately HK\$443,060,000). The Target Company is principally engaged in holding two floors of a large shopping mall in Liuhe District, Nanjing, Jiangsu Province, the PRC. The acquisition of the Target Company was completed on 21 January 2020. Following completion of the acquisition, the financial results of the Target Company have been consolidated into the financial results of the Group. Details of the acquisition were set out in the announcements of the Company dated 31 December 2019 and 17 January 2020 respectively.
- (ii) On 15 January 2020, Fullshare Dazu entered into a limited partnership agreement (the “**Partnership Agreement**”) with Sumin Kaiyuan Wuxi Investment Co., Ltd.\* (蘇民開源無錫投資有限公司) (“**Sumin Kaiyuan**”) and Sumin Capital Co., Ltd.\* (蘇民資本有限公司) (“**Sumin Capital**”) to establish Wuxi Sumin Fullshare Entrepreneur Investment Partnership Enterprises (Limited Partnership)\* (無錫蘇民豐盛創業投資合夥企業(有限合夥)) (the “**Partnership**”), pursuant to which, the total amount of capital commitments of the Partnership is RMB600,000,000, of which Sumin Kaiyuan (as general partner) has agreed to contribute RMB1,000,000 while Fullshare Dazu and Sumin Capital (as limited partners) have agreed to contribute RMB300,000,000 and RMB299,000,000 respectively. Sumin Kaiyuan and Sumin Capital are direct wholly-owned subsidiaries of Jiangsuminying Investment Holding Limited\* (江蘇民營投資控股有限公司), a company in which Fullshare Dazu has approximately 10% interests as at the date of the Partnership Agreement. The purpose of the Partnership is to invest in projects relating to property development and investment business. The Partnership has been established on 21 January 2020 and Fullshare Dazu owns 50% interests in the Partnership as at the date of this report. Details of the Partnership were set out in the announcements of the Company dated 15 January 2020 and 3 February 2020 respectively.

## Additional Information Required by the Listing Rules

(iii) On 16 January 2020, Fullshare Dazu (as purchaser) entered into a sale and purchase agreement with (a) New World (Qingdao) Real Estate Co., Ltd.\* (新世界(青島)置地有限公司) and Top Sky Investments Limited (頂佳投資有限公司) (as vendors), (b) World Trade Plaza (Shenyang) Real Estate Co., Ltd.\* (世貿廣場(瀋陽)置業有限公司) (as target company) ("**World Trade Plaza**"), and (c) Mr. Qi Hongbo (漆洪波) (as guarantor), pursuant to which Fullshare Dazu conditionally agreed to acquire and the vendors conditionally agreed to sell 100% equity interest of World Trade Plaza for a consideration of RMB700,000,000. The proposed acquisition was subsequently terminated on 27 April 2020. Details of the proposed acquisition and its termination were set out in the announcements of the Company dated 16 January 2020 and 27 April 2020 respectively.

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

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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



## Additional Information Required by the Listing Rules

### SHARE OPTION SCHEME

A 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 impel core talents. Under the Share Option Scheme, the board (the “**Board**”) of directors (the “**Directors**”) of the Company shall be entitled to offer to grant share options to any eligible participant. Details of the Share Option Scheme were set out in the announcements of the Company dated 7 July 2018, 17 August 2018 and 14 December 2018 and the circular of the Company dated 30 July 2018 respectively.

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

Share option holders	Date of grant	Outstanding as at 2020/01/01	Granted during the period	No. of share options		Lapsed during the period	Outstanding as at 2020/06/30	Vesting period	Exercise price HK\$	Exercise period
				Exercised during the period	Cancelled during the period					
<b>Director</b>										
Ms. Du Wei	2018/12/14	2,678,560	-	-	-	-	2,678,560	2019/12/14 – 2023/12/13 <sup>(1)</sup>	2.56	2020/12/13 – 2028/12/13
Other employees	2018/12/14	48,392,960	-	-	-	(6,428,560)	41,964,400	2019/12/14 – 2023/12/13 <sup>(1)</sup>	2.56	2020/12/13 – 2028/12/13
<b>Total</b>		<b>51,071,520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,428,560)</b> <sup>(1)</sup>	<b>44,642,960</b>			

Notes:

- (1) A total of 6,428,560 share options lapsed according to the terms of the Share Option Scheme during the Period Under Review.
- (2) 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% of the share options granted on 14 December 2018 can be exercised on 13 December 2019. Due to failure of fulfillment of certain exercise conditions, the first tranche share options were cancelled by the Company according to the terms of the Share Option Scheme on 13 December 2019. In respect of the outstanding share options, each 20% of the total share options will become exercisable from 13 December in the years 2020, 2021, 2022 and 2023 respectively subject to satisfaction of exercise conditions set out in the Share Option Scheme.

## Additional Information Required by the Listing Rules

### SHARE AWARD SCHEME

A 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 impel core talents. Under the Share Award Scheme, the Board shall be entitled to offer to grant award shares to any eligible participant. Details of the Share Award Scheme were set out in the announcements of the Company dated 7 July 2018 and 14 December 2018 respectively.

Since the date of adoption and up to 30 June 2020, a total 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 of the Company (the “**Shares**”) for future award purpose or grant any award shares to any eligible participants pursuant to the terms and conditions of the Share Award Scheme. The Company intends to hold the 17,521,400 Purchased Award Shares on trust and utilise for future award purpose pursuant to the terms and conditions of the Share Award Scheme.

### EMPLOYEES

As at 30 June 2020, the Group had 7,944 employees (31 December 2019: 7,926 employees). The Group’s total staff costs (including executive directors’ remuneration) amounted to approximately RMB841,779,000 for the Period Under Review (for the six months ended 30 June 2019: approximately RMB836,233,000). 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 2020, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

#### (i) Long positions in the Shares or underlying Shares

Name of Director	Nature of interests	Number of issued Shares held/underlying Shares held under equity derivatives	Approximate percentage of the total issued share capital of the Company <sup>(3)</sup>
Mr. Ji Changqun ("Mr. Ji")	Beneficial owner and interest in controlled corporation <sup>(1)</sup>	8,534,292,954	43.31%
Ms. Du Wei	Beneficial owner	2,678,560 <sup>(2)</sup>	0.01%

Notes:

- (1) As at 30 June 2020, 909,510,000 Shares are held by Mr. Ji directly as the beneficial owner. In addition, by virtue of the SFO, Mr. Ji is deemed to be interested in 7,624,782,954 Shares held by Magnolia Wealth International Limited ("Magnolia Wealth"), a company incorporated in the British Virgin Islands (the "BVI") which is wholly-owned by Mr. Ji. Accordingly, Mr. Ji is interested in 8,534,292,954 Shares in total.
- (2) These interests represent 2,678,560 share options 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 19,705,391,731 Shares in issue as at 30 June 2020.

## Additional Information Required by the Listing Rules

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

#### ***Magnolia Wealth***

The table below sets out the interest of the Director(s) or chief executive(s) of the Company in the ordinary share(s) of Magnolia Wealth, a holding company of the Company as at 30 June 2020:

<b>Name of Director</b>	<b>Nature of interests</b>	<b>Number of issued ordinary share(s) held</b>	<b>Approximate percentage of the total issued share capital of Magnolia Wealth</b>
Mr. Ji	Beneficial owner	1	100%

#### ***China High Speed Transmission Equipment Group Co., Ltd ("CHS")***

The table below sets out the interest of the Director(s) or chief executive(s) of the Company in the ordinary share(s) of CHS (Stock Code: 658), which was owned as to approximately 73.91% by the Company and was an indirect non-wholly owned subsidiary of the Company as at 30 June 2020:

<b>Name of Director</b>	<b>Nature of interests</b>	<b>Number of issued ordinary shares held</b>	<b>Approximate percentage of the total issued share capital of CHS</b>
Mr. Ji	Interest in controlled corporation <sup>(1)</sup>	1,226,467,693 <sup>(1)</sup>	74.99% <sup>(2)</sup>

Notes:

- (1) 1,226,467,693 ordinary shares of CHS comprise the following:
  - (i) 17,890,000 shares are directly held by Glorious Time Holdings Limited ("**Glorious Time**"), a company incorporated in the BVI which is wholly-owned by Mr. Ji. By virtue of the SFO, Mr. Ji is deemed to be interested in 17,890,000 shares held by Glorious Time.
  - (ii) 1,208,577,693 shares are directly held by Five Seasons XVI Limited ("**Five Seasons XVI**"), which is incorporated in the BVI and a wholly-owned subsidiary of the Company, which in turn is owned as to approximately 38.69% by Magnolia Wealth. Magnolia Wealth is the controlling shareholder of the Company, which is wholly-owned by Mr. Ji. By virtue of the SFO, Mr. Ji is deemed to be interested in 1,208,577,693 shares held by Five Seasons XVI.
- (2) This percentage has been calculated based on 1,635,291,556 shares of CHS in issue as at 30 June 2020.

## Additional Information Required by the Listing Rules

### ***Hin Sang Group (International) Holding Co. Ltd. (“Hin Sang Group”)***

The table below sets out the interest of the Directors or chief executives of the Company in the ordinary share(s) of Hin Sang Group (Stock Code: 6893), which was owned as to approximately 22.90% by the Company and was an associated corporation of the Company as at 30 June 2020:

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

Notes:

- (1) 250,000,000 ordinary shares of Hin Sang Group are directly held by Viewforth Limited (“**Viewforth**”), which is incorporated in the BVI and a wholly-owned subsidiary of the Company, which in turn is owned as to approximately 38.69% by Magnolia Wealth. Magnolia Wealth is the controlling shareholder of the Company, which is wholly-owned by Mr. Ji. By virtue of the SFO, Mr. Ji is deemed to be interested in 250,000,000 shares held by Viewforth.
- (2) This percentage has been calculated based on 1,091,796,000 shares of Hin Sang Group in issue as at 30 June 2020.

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 2020.



## Additional Information Required by the Listing Rules

### SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors and the chief executives of the Company, as at 30 June 2020, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares 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 <sup>(6)</sup>	Approximate percentage of the total issued share capital of the Company <sup>(7)</sup>
Magnolia Wealth	Beneficial owner <sup>(1)</sup>	7,624,782,954 (L)	38.69%
Superb Colour Limited ("Superb Colour")	Beneficial owner <sup>(2)</sup>	967,178,496 (L)	4.91%
		982,442,195 (S)	4.99%
	Interest of controlled corporation <sup>(2)</sup>	715,263,699 (L)	3.63%
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 <sup>(2)</sup>	1,682,442,195 (L)	8.54%
		982,442,195 (S)	4.99%
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 <sup>(2)</sup>	1,682,442,195 (L)	8.54%
		982,442,195 (S)	4.99%
China Citic Bank Corporation Limited (中信銀行股份有限公司)	Person having a security interest in shares <sup>(3)</sup>	4,902,000,000 (L)	24.88%
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 <sup>(4)</sup>	1,520,000,000 (L)	7.71%
World Investments Limited ("World Investments")	Agent <sup>(5)</sup>	1,175,222,500 (L)	5.96%



## Additional Information Required by the Listing Rules

Name of Shareholder	Nature of interests	Number of issued Shares held <sup>(6)</sup>	Approximate percentage of the total issued share capital of the Company <sup>(7)</sup>
Goldway Financial Corp. (" <b>Goldway</b> ")	Interest of controlled corporation <sup>(5)</sup>	1,175,222,500 (L)	5.96%
Bank of China Group Investment Limited (中銀集團投資有限公司) (" <b>BOC Group Investment</b> ")	Interest of controlled corporation <sup>(5)</sup>	1,175,222,500 (L)	5.96%
Bank of China Limited (中國銀行股份有限公司) (" <b>BOC</b> ")	Beneficial owner <sup>(5)</sup>	1,175,222,500 (L)	5.96%
Central Huijin Investment Ltd. (中央匯金投資有限責任公司) (" <b>Central Huijin</b> ")	Interest of controlled corporation <sup>(5)</sup>	1,175,222,500 (L)	5.96%

Notes:

- The entire issued share capital of Magnolia Wealth is beneficially owned by Mr. Ji.
- 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 in the BVI which is a wholly-owned subsidiary of Pure Virtue Enterprises Limited ("**Pure Virtue**"). Pure Virtue is a company incorporated in the BVI which is wholly-owned by China Huarong Overseas Investment Holdings Co., Limited ("**China Huarong Overseas**"). China Huarong Overseas is a company incorporated in 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 a company incorporated in 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.

- 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.

## Additional Information Required by the Listing Rules

- 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.
- References were made to disclosures of interests made by World Investments, Goldway, BOC Group Investment, BOC and Central Huijin respectively on the Stock Exchange's website on 2 January 2020. BOC has long position in 1,175,222,500 Shares. BOC, a company incorporated in China, is beneficially owned as to 64.02% by Central Huijin. Therefore, Central Huijin is deemed to be interested in the said 1,175,222,500 Shares under the SFO.

World Investments, in the capacity of an agent acting on behalf of BOC, is deemed to be interested in 1,175,222,500 Shares held by BOC under the SFO. World Investments is a company incorporated in Hong Kong and is a wholly-owned subsidiary of Goldway. Goldway is a company incorporated in the BVI which is wholly-owned by BOC Group Investment. As such, each of Goldway and BOC Group Investment is also deemed to be interested in the said 1,175,222,500 Shares under the SFO.

- The letter "L" denotes long position in the Shares; and the letter "S" denotes short position in the Shares.
- The percentage has been calculated based on 19,705,391,731 Shares in issue as at 30 June 2020.

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 as recorded in the register required to be kept under Section 336 of the SFO as at 30 June 2020.

### 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 南京豐盛資產管理有限公司 (Nanjing Fullshare Asset Management Limited\*), a limited liability company incorporated in the PRC on 19 July 2002, which is currently wholly owned by the Company and 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. As at 30 June 2020, 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 2020, the Controlling Shareholders did not give any other non-competition undertaking to the Company.

## Additional Information Required by the Listing Rules

The Company has received the written declarations on their compliance with the undertaking under the Non-Competition Undertaking from Mr. Ji and Magnolia Wealth 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 2020, 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.

### CORPORATE GOVERNANCE CODE

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

Under the Code Provision A.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 executive and independent non-executive Directors on the Board and the various committees of the Board in overseeing different aspects of the Company’s affairs would provide adequate safeguards to ensure a balance of power and authority. The Board will review regularly to consider that this structure will not impair the balance of power and authority between the Board and the management of the Group.

### AUDIT COMMITTEE REVIEW

The Company has 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.

## Additional Information Required by the Listing Rules

### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

By Order of the Board  
**Fullshare Holdings Limited**  
**JI CHANGQUN**  
*Chairman*

Hong Kong, 31 August 2020

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

\* *For identification purpose only*

