Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the "**Board**") of directors (the "**Directors**") of Fullshare Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2021 (the "**Year 2021**"), together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	**2021** ***RMB'000***	2020 *RMB'000*
Revenue	*4,5*	**21,291,875**	16,171,377
Cost of sales and services	*9*	**(17,876,170)**	(12,736,401)
Gross profit		**3,415,705**	3,434,976
Selling and distribution expenses	*9*	**(524,951)**	(473,300)
Administrative expenses	*9*	**(865,911)**	(942,450)
Research and development costs	*9*	**(667,782)**	(517,749)
Share-based payment expenses	*9*	**–**	(547,674)
Net impairment losses recognised on financial assets and financial guarantee contracts	*3*	**(87,139)**	(1,077,850)
Other income	*7*	**428,471**	461,894
Net fair value changes in financial instruments	*6*	**(1,812,574)**	56,152
Other losses – net	*8*	**(61,482)**	(65,846)
Operating (loss)/profit		**(175,663)**	328,153
Finance costs	*10*	**(482,438)**	(605,003)
Share of results of joint ventures		**(6,826)**	6,513
Share of results of associates		**(1,387,153)**	(27,095)

	Note	2021 RMB'000	2020 RMB'000
Loss before tax		**(2,052,080)**	(297,432)
Income tax expenses	*11*	**(283,678)**	(400,848)
Loss for the year		**(2,335,758)**	(698,280)
Other comprehensive (loss)/income for the year:			
Items that may be reclassified to profit or loss:			
– Release of exchange reserve upon disposal of a subsidiary		**(192,753)**	–
– Exchange differences on translation of foreign operations		**50,245**	(5,249)
– Changes in fair value of debt instruments at fair value through other comprehensive income		**(6,552)**	5,161
– Share of other comprehensive (loss)/income of associates		**(1,846)**	1,839
– Income tax relating to these items		**933**	(3,661)
Items that will not be reclassified to profit or loss:			
– Changes in fair value of equity instruments at fair value through other comprehensive income		**(256,889)**	144,214
– Income tax relating to these items		**61,495**	(42,082)
Other comprehensive (loss)/income for the year, net of tax		**(345,367)**	100,222
Total comprehensive loss for the year		**(2,681,125)**	(598,058)
(Loss)/profit for the year attributable to:			
– Equity shareholders of the Company		**(2,685,344)**	(894,305)
– Non-controlling interests		**349,586**	196,025
		(2,335,758)	(698,280)
Total comprehensive (loss)/income for the year attributable to:			
– Equity shareholders of the Company		**(2,995,022)**	(831,658)
– Non-controlling interests		**313,897**	233,600
		(2,681,125)	(598,058)
Loss per share attributable to equity shareholders of the Company			
Basic loss per share	*13*	**RMB(0.136)**	RMB(0.045)
Diluted loss per share	*13*	**RMB(0.136)**	RMB(0.045)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 *RMB'000*	2020 *RMB'000*
Non-current assets			
Property, plant and equipment		**6,357,430**	5,535,884
Investment properties		**5,050,852**	4,958,399
Right-of-use assets		**1,352,508**	1,397,256
Goodwill		**1,880,169**	1,913,158
Other intangible assets		**359,018**	430,014
Investments in joint ventures		**281,468**	398,865
Investments in associates		**325,254**	1,707,076
Financial assets at fair value through other comprehensive income		**2,889,286**	3,066,069
Financial assets at fair value through profit or loss		**402,124**	380,179
Loans receivables		**46,837**	–
Other financial assets at amortised cost		**1,077,605**	1,045,689
Other receivables		**1,623**	2,815
Prepayments		**47,549**	49,349
Deferred tax assets		**776,758**	663,144
		20,848,481	21,547,897
Current assets			
Inventories		**5,210,362**	3,707,244
Trade receivables	*14*	**4,471,744**	3,161,080
Consideration receivables		**–**	129,896
Loans receivables		**1,395,998**	1,658,704
Prepayments		**1,451,285**	1,366,453
Other receivables		**1,722,823**	1,876,325
Income tax prepaid		**12,272**	2,403
Financial assets at fair value through other comprehensive income		**3,332,234**	3,504,200
Financial assets at fair value through profit or loss		**845,913**	1,313,913
Properties under development		**811,872**	696,681
Properties held for sale		**112,809**	438,770
Restricted cash		**1,911,407**	1,670,336
Cash and cash equivalents		**3,473,102**	2,490,570
		24,751,821	22,016,575

	Note	2021 RMB'000	2020 RMB'000
Current liabilities			
Trade and bills payables	15	**7,014,932**	6,797,908
Other payables and accruals	16	**4,344,394**	2,779,029
Contract liabilities		**872,789**	2,238,334
Derivative financial instruments		**1,825,964**	–
Lease liabilities		**46,805**	45,611
Bank and other borrowings	17	**7,357,209**	5,019,531
Income tax payable		**808,311**	937,787
Warranty provision		**863,250**	578,595
Deferred income		**14,242**	25,778
		23,147,896	18,422,573
Net current assets		**1,603,925**	3,594,002
Total assets less current liabilities		**22,452,406**	25,141,899
Non-current liabilities			
Bank and other borrowings	17	**1,936,872**	2,197,601
Derivative financial instruments		**–**	43,362
Deferred income		**200,477**	177,551
Lease liabilities		**307,953**	371,802
Warranty provision		**848,784**	372,480
Deferred tax liabilities		**1,162,465**	1,182,123
		4,456,551	4,344,919
Net assets		**17,995,855**	20,796,980
Capital and reserves			
Share capital		**160,872**	160,872
Reserves		**14,019,807**	17,014,829
Equity attributable to equity shareholders of the Company		**14,180,679**	17,175,701
Non-controlling interests		**3,815,176**	3,621,279
Total equity		**17,995,855**	20,796,980

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

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

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

The consolidated financial information were approved for issue by the board of directors of the Company on 31 March 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

The preparation of consolidated financial information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

During the year ended 31 December 2021, the Group failed to fulfill certain financial obligations and commitments as set out in an earnest money agreement in respect of previous plan on disposal of equity interests of subsidiaries (Note 16(a)), a number of loan agreements in respect of certain overdue borrowings (Note 17), and a forward sale and purchase agreement in respect of acquisition of interests in a limited partnership (Note 19(iii)).

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The management has prepared the cash flow projections which cover a period of twelve months from 31 December 2021. The directors are of the opinion that, based on the cash flow projections and taking into account the expected operation results, the Group's assets available for realisation if necessary, the adequate collaterals of the relevant loans, and the continuing liaison and renegotiation with relevant parties in respect of timing of repayment and fulfilment of the Group's financial obligations and commitments, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the next twelve months. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial information under the going concern basis.

(a) New and amended standards adopted by the Group

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"

In the current year, the Group has applied Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" (the "**Amendments**") issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021.

The Amendments provide practical expedients to address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes in the basis for determining the contractual cash flows and hedge accounting as a result of interest rate benchmark reform. The Amendments also set out the disclosure requirements.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New standards and interpretations not yet adopted

Certain new accounting standards and amendments listed below have been published but are not mandatory to be adopted for the year ended 31 December 2021 and have not been early adopted by the Group. The standards and amendments are either currently not relevant to the Group or had no material impact on the Group's consolidated financial information.

- Amendments to HKFRS 16, 'COVID-19-Related Rent Concessions' beyond 30 June 2021, effective for the accounting period beginning on or after 1 April 2021

- Amendments to HKFRS 3, 'Reference to the Conceptual Framework', effective for the accounting period beginning on or after 1 January 2022

- Amendments to HKAS 16, 'Property, Plant and Equipment: Proceeds before Intended Use', effective for the accounting period beginning on or after 1 January 2022

- Amendments to HKAS 37, 'Onerous Contracts — Cost of Fulfilling a Contract', effective for the accounting period beginning on or after 1 January 2022

- Annual Improvements to HKFRSs 2018-2020 Cycle, effective for the accounting period beginning on or after 1 January 2022

- Amendments to HKAS 1, 'Classification of Liabilities as Current or Non-current', effective for the accounting period beginning on or after 1 January 2023

- HKFRS 17, 'Insurance contracts', effective for the accounting period beginning on or after 1 January 2023

- Amendments to HKAS 8, 'Definition of accounting estimates', effective for the accounting period beginning on or after 1 January 2023

- Amendments to HKAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction', effective for the accounting period beginning on or after 1 January 2023

3 FINANCIAL RISK MANAGEMENT

Credit risk

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

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

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

For the years ended 31 December 2021 and 2020, the summary of the net impairment losses on financial assets and financial guarantee contracts recognised in profit or loss was as follows:

	2021	2020
	RMB'000	*RMB'000*
Provision for/(reversal of) impairment loss on		
– Trade receivables	**30,822**	67,963
– Loans receivables	**74,200**	924,338
– Consideration receivables	**(5,604)**	4,236
– Other receivables	**(863)**	69,226
– Other financial assets at amortised cost	**584**	87
– Financial guarantee contracts	**(12,000)**	12,000
	87,139	1,077,850

4 OPERATING SEGMENT INFORMATION

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

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

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

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

4 OPERATING SEGMENT INFORMATION (Continued)

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

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

	For the year ended 31 December 2021					
	Properties *RMB'000*	**Tourism** *RMB'000*	**Investment and financial services** *RMB'000*	**Healthcare, education and others** *RMB'000*	**New energy** *RMB'000*	**Total** *RMB'000*
Segment revenue:						
Sales to external customers	**312,719**	**245,425**	**12,024**	**511,181**	**20,210,526**	**21,291,875**
Fair value changes in financial instruments	**–**	**(1,878,767)**	**67,583**	**–**	**(1,390)**	**(1,812,574)**
Segment results	**(1,420,338)**	**(1,772,958)**	**(99,836)**	**20,313**	**1,622,201**	**(1,650,618)**
Reconciliation:						
Unallocated bank interest income *(Note 7)*						**69,347**
Unallocated extension interest income *(Note 7)*						**94,118**
Gains on disposal of subsidiaries *(Note 8)*						**217,989**
Loss on disposal of a joint venture *(Note 8)*						**(16,984)**
Unallocated income and losses						**(235,261)**
Corporate and other unallocated expenses						**(48,233)**
Finance costs *(Note 10)*						**(482,438)**
Loss before tax						**(2,052,080)**
Segment assets as at 31 December 2021	**6,443,280**	**2,231,808**	**5,561,710**	**804,333**	**24,275,802**	**39,316,933**
Reconciliation:						
Corporate and other unallocated assets						**6,283,369**
Total assets						**45,600,302**
Segment liabilities as at 31 December 2021	**1,265,502**	**1,896,447**	**128,503**	**380,546**	**10,536,902**	**14,207,900**
Reconciliation:						
Corporate and other unallocated liabilities						**13,396,547**
Total liabilities						**27,604,447**

4 OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2021						
	Properties	Tourism	Investment and financial services	Healthcare, education and others	New energy	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information:							
Share of profit/(loss) of joint ventures	**15,418**	**–**	**–**	**–**	**(22,244)**	**–**	**(6,826)**
Share of loss and impairment losses of associates	**(1,332,374)**	**(1)**	**–**	**(46,569)**	**(8,209)**	**–**	**(1,387,153)**
Impairment losses on property, plant and equipment *(Note 8)*	**–**	**–**	**–**	**–**	**82,232**	**–**	**82,232**
Net reversal of/(provision for) impairment losses of financial assets and financial guarantee contracts *(Note 3)*	**–**	**5,463**	**(130,017)**	**(1,261)**	**42,823**	**(4,147)**	**(87,139)**
Depreciation and amortisation *(Note 9)*	**49,593**	**21,609**	**1,506**	**54,946**	**522,946**	**7,441**	**658,041**
Investments in joint ventures	**281,468**	**–**	**–**	**–**	**–**	**–**	**281,468**
Investments in associates	**500**	**20,065**	**–**	**80,906**	**223,783**	**–**	**325,254**
Capital expenditure*	**38,210**	**8,784**	**–**	**35,641**	**1,245,771**	**14**	**1,328,420**

4 OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2020					
	Properties *RMB'000*	Tourism *RMB'000*	Investment and financial services *RMB'000*	Healthcare, education and others *RMB'000*	New energy *RMB'000*	Total *RMB'000*
Segment revenue:						
Sales to external customers	261,754	114,385	19,142	407,585	15,368,511	16,171,377
Fair value changes in financial instruments	–	–	56,152	–	–	56,152
Segment results	514,015	(252,222)	(1,081,265)	(115,255)	1,329,129	394,402
Reconciliation:						
Unallocated bank interest income *(Note 7)*						76,606
Losses on disposal of subsidiaries *(Note 8)*						(4,058)
Loss on disposal of an associate *(Note 8)*						(12,388)
Unallocated income and losses						(50,076)
Corporate and other unallocated expenses						(96,915)
Finance costs *(Note 10)*						(605,003)
Loss before tax						(297,432)
Segment assets as at 31 December 2020	9,157,611	502,577	6,400,471	938,454	21,529,293	38,528,406
Reconciliation:						
Corporate and other unallocated assets						5,036,066
Total assets						43,564,472
Segment liabilities as at 31 December 2020	1,162,377	67,449	148,248	440,908	10,484,118	12,303,100
Reconciliation:						
Corporate and other unallocated liabilities						10,464,392
Total liabilities						22,767,492

4 OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2020						
	Properties	Tourism	Investment and financial services	Healthcare, education and others	New energy	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information:							
Share of (loss)/profit of joint ventures	(11,105)	–	–	–	18,018	(400)	6,513
Share of profit/(loss) of associates	18,295	(2)	–	(23,986)	(21,402)	–	(27,095)
Impairment losses on property, plant and equipment *(Note 8)*	–	193,818	–	–	65,074	–	258,892
Impairment losses on goodwill *(Note 8)*	–	–	35,319	146,350	–	–	181,669
Net provision for impairment losses of financial assets and financial guarantee contracts *(Note 3)*	–	4,095	1,032,668	1,311	39,776	–	1,077,850
Depreciation and amortisation *(Note 9)*	1,931	29,024	4,401	50,618	538,959	7,483	632,416
Investments in joint ventures	269,637	–	–	–	129,228	–	398,865
Investments in associates	1,336,850	20,065	–	133,169	216,992	–	1,707,076
Capital expenditure*	547,820	18,044	2,866	40,834	402,016	319	1,011,899

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

(i) Revenue from external customers by locations of customers

	2021	2020
	RMB'000	*RMB'000*
The PRC	**17,737,507**	13,097,492
United States of America	**1,722,418**	1,605,518
Europe	**120,176**	250,757
Australia	**688,237**	494,165
Other countries	**1,023,537**	723,445
	21,291,875	16,171,377

4 OPERATING SEGMENT INFORMATION (Continued)

(ii) Non-current assets by locations of assets

	2021	2020
	RMB'000	*RMB'000*
The PRC	**13,731,587**	12,913,800
Australia	**1,043,284**	1,169,222
United States of America	**131,446**	139,754
Other countries	**141,209**	61,284
	15,047,526	14,284,060

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

(iii) Information about major customers

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

	2021	2020
	RMB'000	*RMB'000*
Customer A*	**2,739,526**	2,363,793
Customer B*	**2,207,333**	N/A#

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

The revenue from this customer for the year ended 31 December 2020 did not contribute over 10% of the total sales of the Group.

5 REVENUE

Revenue from contracts

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Properties segment:		
– Property development and sales	**62,771**	38,839
– Construction services	**5,349**	11,052
	68,120	49,891
Tourism segment:		
– Hotel operations	**230,968**	108,195
– Sales of tourist goods and services	**14,457**	6,190
	245,425	114,385
New energy segment:		
– Sales of gear products and trade of goods	**20,210,526**	15,368,511
Investment and financial services segment:		
– Investment and financial consulting services	**12,024**	19,142
Healthcare, education and others segment:		
– Education services	**511,181**	407,562
– Healthcare products and other services	**–**	23
	511,181	407,585
Revenue from other sources		
Properties segment:		
– Gross rental income	**244,599**	211,863
	21,291,875	16,171,377

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

	2021	2020
	RMB'000	*RMB'000*
Timing of revenue recognition:		
– Recognised at a point in time	**20,287,754**	15,413,563
– Recognised over time	**1,004,121**	757,814
	21,291,875	16,171,377

6 NET FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

	2021	2020
	RMB'000	*RMB'000*
Fair value gains in financial assets at FVPL	**29,609**	17,465
Fair value (losses)/gains in derivative financial instruments *(Note)*	**(1,842,183)**	38,687
	(1,812,574)	56,152

Note:

The fair value change from derivative financial instruments for the year ended 31 December 2021 was mainly derived from the fair value change of a Forward Purchase Agreement to acquire certain equity interests. Details of the transaction are set out in Note 19(iii).

7 OTHER INCOME

		2021	2020
	Note	*RMB'000*	*RMB'000*
Bank interest income	*(i)*	**69,347**	76,606
Extension interest income	*16(b)*	**94,118**	–
Other interest income	*(ii)*	**39,608**	64,019
Dividend income		**25,207**	9,668
Management fees income	*(iii)*	**46,137**	32,551
Government grants	*(iv)*	**70,311**	185,644
Sales of scraps and materials		**63,302**	73,160
Others		**20,441**	20,246
		428,471	461,894

Note:

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

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

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

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

8 OTHER LOSSES – NET

	2021	2020
	RMB'000	*RMB'000*
Gains/(losses) on disposal of subsidiaries	**217,989**	(4,058)
Fair value gains of investment properties	**38,768**	570,037
Gains/(losses) on disposal of property, plant and equipment	**5,196**	(4,379)
Loss on disposal of a joint venture	**(16,984)**	–
Loss on disposal of an associate	**–**	(12,388)
Gain on remeasurement of contingent consideration	**147**	–
Loss on swap contracts	**(32,096)**	(32,960)
Impairment losses on property, plant and equipment	**(82,232)**	(258,892)
Impairment losses on goodwill	**–**	(181,669)
Impairment losses on prepayments	**(7,710)**	(20,937)
Foreign exchange losses – net	**(178,680)**	(120,600)
Others	**(5,880)**	–
	(61,482)	(65,846)

9 EXPENSES BY NATURE

	2021	2020
	RMB'000	*RMB'000*
Employee benefit expenses:		
Directors' remuneration		
– Fees	**1,794**	1,920
– Salaries, allowances and benefits in kind	**1,718**	1,757
– Discretionary bonuses	**320**	320
– Pension scheme contributions	**184**	92
	4,016	4,089
Other staff costs		
– Salaries and other benefits	**1,734,755**	1,803,630
– Equity-settled share-based payment expenses *(Note (b))*	**–**	547,674
– Pension scheme contributions	**125,451**	97,602
	1,860,206	2,448,906
	1,864,222	2,452,995
Other items:		
Cost of inventories sold	**15,513,092**	10,724,112
Depreciation of property, plant and equipment	**512,839**	485,126
Cost of properties sold	**82,006**	74,667
Advertising expenses	**77,451**	68,052
Office expenses	**155,399**	127,472
Amortisation of other intangible assets	**70,996**	73,124
Depreciation of right-of-use assets	**74,206**	74,166
Write-down of inventories	**165,091**	37,565
Provision for write-down of property held for sale	**2,554**	–
Expenses relating to short-term leases	**9,836**	22,143
Expenses relating to leases of low-value assets	**1,437**	2,076
Auditors' remuneration		
– Audit services	**5,803**	7,750
– Non-audit services	**4,411**	4,048
Sundry taxes	**62,729**	93,134
Technical service fees	**19,097**	13,719
Electricity	**8,913**	5,742
Transportations	**172,110**	134,422
Prototypes	**6,479**	15,654
Others *(Note (a))*	**1,126,143**	801,607
Total expenses	**19,934,814**	15,217,574
Representing:		
– Cost of sales and services	**17,876,170**	12,736,401
– Selling and distribution expenses	**524,951**	473,300
– Administrative expenses	**865,911**	942,450
– Research and development costs	**667,782**	517,749
– Share-based payment expenses	**–**	547,674
	19,934,814	15,217,574

9 EXPENSES BY NATURE (Continued)

Note:

(a) The "Other expenses" items were mainly indirect production expenses, other consulting fees and public welfare donations.

(b) On 4 December 2020, Shanghai Shifu Enterprise Management LLP*（上海釃福企業管理合夥企業（有限合夥）(the "**Employee Partnership Enterprise**"), entered into the capital increase agreement with Nanjing Gear Enterprise Management Co., Ltd*（南京高齒企業管理有限公司）("**Nanjing Gear**"), an indirect wholly owned subsidiary of China High Speed Transmission Equipment Group Co., Ltd ("**CHS**", a non-wholly owned subsidiary of the Company, together with its subsidiaries as "**CHS Group**"), and its' direct wholly owned subsidiary, Nanjing High Speed Gear Manufacturing Co., Ltd*（南京高速齒輪製造有限公司）("**Nanjing High Speed**"), pursuant to which the Employee Partnership Enterprise agreed to make the capital contribution in an aggregate amount of RMB150,000,000 (the "**Contribution**") in cash to the registered capital of Nanjing High Speed in return for a 6.98% enlarged equity interest in Nanjing High Speed (the "**Capital Increase**"). Since the Employee Partnership Enterprise has been established to incentivise the core employees of CHS Group through holding the equity interest in Nanjing High Speed for and on behalf of certain designated employees of the CHS Group, it is accounted for as a share-based payment transaction.

The share-based payment expenses of RMB547,674,000 recognised in profit or loss was derived from the difference between the proportionate 6.98% interest in fair value of Nanjing High Speed amounting to approximately RMB697,675,000 and the Contribution.

The fair value of Nanjing High Speed at the date of completion of Capital Increase was assessed with reference to the consideration of RMB4,300,000,000 for the proposed disposal of 43% equity interest of Nanjing High Speed to an independent third party on 30 March 2021.

Details of the Capital Increase are set out in the joint announcement made by the Company and CHS dated 4 December 2020 and the announcement and circular of CHS dated 23 December 2020 and 24 December 2020, respectively.

10 FINANCE COSTS

	2021	2020
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**516,601**	502,993
Interest on corporate bonds	**–**	78,367
Interest on lease liabilities	**21,608**	23,643
Less: Interest capitalised at rates ranging from 7.5% to 9% per annum	**(55,771)**	–
	482,438	605,003

11 INCOME TAX

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

	2021 RMB'000	2020 RMB'000
Current tax – charge for the year		
– The PRC	**308,535**	358,462
– Hong Kong	**16,609**	80,023
– Australia	**13,086**	16,893
– Others	**1,077**	206
Current tax – under/(over) provision in respect of prior years	**1,673**	(8,015)
Deferred tax	**(57,302)**	(46,721)
	283,678	400,848

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

PRC CIT has been provided at the rate of 25% (2020: 25%) on the taxable profits of the Group's PRC subsidiaries, except those listed below, for the year ended 31 December 2021.

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

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

11 INCOME TAX (Continued)

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

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

(c) Other corporate income tax

Enterprises incorporated in other places other than the PRC are subject to income tax rates of 8.25% to 30% (2020: 8.25% to 30%) prevailing in the places in which these enterprises operated for the year ended 31 December 2021.

12 DIVIDENDS

The board has resolved not to declare a final dividend for the years ended 31 December 2021 and 2020.

13 LOSS PER SHARE

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

	2021	2020
	RMB'000	*RMB'000*
Loss for the purpose of calculating the basic and diluted loss per share	**(2,685,344)**	(894,305)
Weighted average number of ordinary shares in issue	**19,687,870,331**	19,687,870,331
Basic and diluted loss per share	**RMB(0.136)**	RMB(0.045)

There were no potential dilutive ordinary shares outstanding due to outstanding share options for the years ended 31 December 2021 and 2020. For the years ended 31 December 2021 and 2020, the weighted average numbers of ordinary shares in issue were adjusted by 17,521,400 shares which is held for the Group's share award scheme.

14 TRADE RECEIVABLES

	2021 *RMB'000*	2020 *RMB'000*
Trade receivables		
– Amounts due from third parties	**5,076,434**	3,750,518
– Amounts due from joint ventures	**1,003**	5,422
Less: Loss allowance	**(605,693)**	(594,860)
	4,471,744	3,161,080

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:

	2021 *RMB'000*	2020 *RMB'000*
Within 90 days	**3,430,435**	2,747,931
91 to 180 days	**443,734**	200,825
181 to 365 days	**409,369**	106,406
Over 365 days	**188,206**	105,918
	4,471,744	3,161,080

The Group generally allows a credit period of 90 days (2020: 90 days) to its trade customers and 180 days (2020: 180 days) for sales of gear products. Apart from that, the Group does not have a standardised and universal credit period granted to its customers for other sales, and the credit period of individual customers is considered on a case-by-case basis and stipulated in the relevant contracts, as appropriate. Trade receivables are non-interest-bearing.

All of the amounts due from 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.

15 TRADE AND BILLS PAYABLES

	2021 *RMB'000*	2020 *RMB'000*
Trade payables		
– Amounts due to third parties	**3,181,423**	3,546,059
– Amounts due to a joint venture	**–**	1,127
– Amounts due to an associate	**18**	253
Bills payables	**3,833,491**	3,250,469
	7,014,932	6,797,908

15 TRADE AND BILLS PAYABLES (Continued)

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:

	2021	2020
	RMB'000	*RMB'000*
Within 90 days	**4,657,110**	4,187,599
91 to 180 days	**100,914**	686,510
181 to 365 days	**1,836,023**	1,451,783
Over 365 days	**420,885**	472,016
	7,014,932	6,797,908

Trade payables due to associates and joint ventures included in the trade and bills payables are repayable within 90 days (2020: 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 (2020: 90 to 180 days).

16 OTHER PAYABLES AND ACCRUALS

	2021	2020
	RMB'000	*RMB'000*
Accruals	**998,629**	766,876
Amounts due to joint ventures	**–**	2,050
Amounts due to associates	**15,000**	–
Refundable deposit received *(Note (a))*	**1,000,000**	1,000,000
Consideration received for partial disposal of a subsidiary *(Note (b))*	**1,000,000**	–
Dividends payable to non-controlling interests	**89,002**	–
Other tax payables	**149,113**	174,424
Other payables	**661,428**	463,590
Payroll and welfare payables	**266,674**	259,412
Liability arising from financial guarantee contracts	**6,359**	19,103
Payables for purchase of property, plant and equipment	**158,189**	93,574
	4,344,394	2,779,029

All of the amounts due to joint ventures and associates are unsecured, interest-free and repayable within 180 days (2020: 180 days).

Note:

(a) On 17 January 2018, each of Five Seasons XVI Limited (a wholly-owned subsidiary of the Company) ("**Five Seasons XVI**") and Mr. Ji Changqun ("**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 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 as "**Earnest Money Agreements**") to extend the term of the Earnest Money Agreement, and pursuant to which if, among others, no definitive agreement in respect of the Possible Sale and Purchase was entered into on or before 31 October 2018, the Company shall refund and return in full the earnest money (without any income accrued thereon) to the Potential Offeror (or its nominee) within 15 business days. As at 31 October 2018, no definitive agreement(s) has been entered into among the parties. As such, the Earnest Money Agreements have been automatically terminated.

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

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

As at the date of approval of these consolidated financial information, certain conditions as stated in the Settlement Agreement have yet been fulfilled. The Arbitration is still pending. Management of the Group is in the process of satisfying the conditions of Settlement Agreement and keeps well communication with the Potential Offeror. It is considered that the settlement could be fulfilled through internal funding/sale of certain non-major assets and will not have a significant impact to the Group's operations.

Note: (Continued)

(b) On 30 March 2021, Nanjing Gear Enterprise Management Co., Ltd.* (南京高齒企業管理有限公司)(the "**Vendor**"), and Nanjing High Speed, subsidiaries of the Group, entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Shanghai Wensheng Asset Management Co., Ltd.* (上海文盛資產管理股份有限公司)(the "**Purchaser**"), an independent third party, to dispose 43% of the equity interests in Nanjing High Speed at a consideration of RMB4,300,000,000 (the "**Disposal**") to the Purchaser or a legal entity controlled or jointly controlled directly or indirectly by the Purchaser. The final transferee determined by the Purchaser is Shanghai Qiwo Enterprise Management Partnership (Limited Partnership)* (上海其沃企業管理合夥企業(有限合夥)) (the "**Transferee**").

As part of the Equity Transfer Agreement, the Vendor grants a put option to the Transferee, which the Transferee could request the Vendor to repurchase all the equity interest of Nanjing High Speed acquired by the Transferee during the 3 years from the completion date of the Disposal under certain conditions, at the Transferee's discretion, at an exercise price as set out in the Equity Transfer Agreement. Also, Vendor is granted a call option, pursuant to which if Transferee and its direct/indirect controlling shareholder(s) or the future purchaser from Transferee (the "**Then Purchaser**") change to a wholly foreign-owned or foreign-controlled legal entity without obtaining prior consent from the Vendor, the Vendor could, at its discretion, acquire the entire interests in Nanjing High Speed held by the Transferee or Then Purchaser, at an exercise price as set out in the Equity Transfer Agreement.

On 15 July 2021, the Purchaser, the Vendor, Nanjing High Speed and the Transferee entered into a supplemental agreement, pursuant to which (i) the payment schedule of the second and the remaining instalments of the consideration for the Disposal has been extended, and (ii) the Transferee agreed to pay an extension interest (the "**Extension Interest**") to the Vendor at the rate of 6% per annum for the second and remaining instalments.

On 15 October 2021, the Purchaser, the Vendor, Nanjing High Speed and the Transferee entered into the second supplemental agreement, pursuant to which (i) the payment schedule of the second and the remaining instalments of the consideration for the Disposal has been further extended, and (ii) the Transferee agreed to increase the Extension Interest to the rate of 6.6% per annum for the second and remaining instalments.

As at 31 December 2021, the Vendor has received RMB1,000,000,000 as the first instalment of the consideration, the industrial and commerce registration for the transfer of 37% of the equity interest in Nanjing High Speed to the Transferee was completed. To secure the payment obligation of the Transferee, a pledge (the "**Pledge**") of the 37% of the equity interest in Nanjing High Speed was made in favour of the Vendor by the Transferee. The amount of RMB1,000,000,000 was included in "other payables" as in the opinion of the directors, the Disposal has not been completed in substance. The Extension Interest amounted to RMB94,118,000 has been accrued in "other income" for the year ended 31 December 2021.

For further details of the Disposal, please refer to the announcements of the Company dated 30 March 2021, 15 July 2021 and 15 October 2021 and the circular of the Company dated 26 May 2021.

17 BANK AND OTHER BORROWINGS

	2021		2020	
	Current	**Non-current**	Current	Non-current
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Secured				
– Bank loans	**2,056,039**	**1,064,614**	1,071,695	1,156,352
– Loans from other financial institutions	**817,473**	**–**	713,985	289,299
– Loans from other third parties	**195,386**	**668,300**	373,009	713,677
Total secured borrowings	**3,068,898**	**1,732,914**	2,158,689	2,159,328
Unsecured				
– Bank loans	**2,200,939**	**–**	1,828,970	–
– Loans from ultimate holding company	**1,211,732**	**–**	793,235	–
– Loan from a joint venture	**170,928**	**–**	175,529	–
– Loans from other financial institutions	**669,337**	**–**	–	–
– Loans from other third parties	**35,375**	**203,958**	63,108	38,273
Total unsecured borrowings	**4,288,311**	**203,958**	2,860,842	38,273
	7,357,209	**1,936,872**	5,019,531	2,197,601

Bank and other borrowings carry interests ranging from 0% to 9% (2020: 0% to 9.50%) per annum. As at 31 December 2021, current loans from ultimate holding company of RMB1,211,732,000 (2020: RMB793,235,000) are interest-free and current loan from a joint venture of RMB170,928,000 (2020: RMB175,529,000) carried effective interest rate at 8% per annum.

At the end of the reporting period, the carrying amounts of bank and other borrowings are denominated in the following currencies:

	2021	2020
	RMB'000	*RMB'000*
RMB	**8,144,297**	5,853,810
US$	**880,461**	888,499
HK$	**18,189**	202,330
AUD	**251,134**	272,493
	9,294,081	7,217,132

Bank and other borrowings are repayable as follows:

	2021	2020
	RMB'000	*RMB'000*
Within one year or on demand	**7,357,209**	5,019,531
Between one and two years	**1,078,716**	700,166
Between two and five years	**811,113**	1,319,302
Over five years	**47,043**	178,133
	9,294,081	7,217,132

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

(i) All of the Group's equity interests in CHS.

(ii) The Group's assets as disclosed in Note 20.

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

In addition, bank and other borrowings of RMB1,269,759,000 (2020: RMB1,621,367,000) were guaranteed by Mr. Ji. Bank and other borrowings of RMB1,436,150,000 (2020: RMB1,659,973,000) were guaranteed by Mr. Ji and a close family member of Mr. Ji.

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

On 9 March 2021, the Lender intended to auction the creditor's rights of the debt to the Group in accordance with its internal procedure. Pursuant to the laws and regulations of the PRC, the auction is requested to be initiated through respective legal procedure(s). Therefore, after a well communication of its intention with the Group, the Lender took such respective legal action to apply for an open auction of the rights of the respective loan aforesaid. However, such auction met with no response. The Group continued to discuss with the Lender on the settlement of the Principal and the Past Late Payment. Another financial institution ("**Assignee**") has negotiated with the Group to take up the relevant loan from the Lender. Based on the negotiations between the Group and the Assignee, the Assignee agreed to waive the payment of Past Late Payment upon the settlement of the Principal as well as the respective interest within two years from the date when a supplementary agreement in relation to the transfer of debts aforesaid ("**Supplemental Agreement**") is signed ("**Repayment Period**"). The directors of the Company believe that the Group can fulfil the settlement term within the Repayment Period. Accordingly, no provision in relation to the Past Late Payment has been made in the Group's consolidated financial information as at 31 December 2020.

17 BANK AND OTHER BORROWINGS (Continued)

(a) (Continued)

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

On 26 January 2022, the Group signed a settlement agreement with the Lender and fix the repayment schedules by four instalment payments on or before 15 April 2022. The Lender further agreed that in case the first instalment of RMB50,000,000 is received on or before 28 January 2022, the Lender will withdraw the auction of the Pledged Properties.

On 28 January 2022, the Group paid the first instalment payment and the auction had been withdrawn by the Lender. Up to 31 March 2022, the Group paid the scheduled second and third instalment payments. However, the legal charges over the Pledged Properties remains until the loan has been settled in full. As at 31 December 2021, the fair values of the Pledged Properties amounted to RMB1,541,224,000. During the year ended 31 December 2021, interest of RMB40,111,000 were recognised in profit and loss.

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

18 CONTINGENT LIABILITIES

As at 31 December 2021, contingent liabilities not provided for in the consolidated financial information were as follows:

(i) Mortgage facilities

		2021	2020
	Note	***RMB'000***	*RMB'000*
Guarantees given to banks in connection with mortgage facilities	*(a)*	**6,076**	17,411

18 CONTINGENT LIABILITIES (Continued)

(i) Mortgage facilities (Continued)

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 the construction. The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties.

(ii) As at 31 December 2021, the Group provided financial guarantees to an associate (2020: an associate), two related parties (2020: two related parties) and two independent third parties, whose are business partners with the Group (2020: four independent third parties), in favour of bank loans of RMB220,796,000 (2020: RMB290,012,000), RMB1,100,000,000 (2020: RMB1,150,000,000) and RMB153,000,000 (2020: RMB841,577,000), respectively. These amounts represented the balances that the Group could be required to be paid if the guarantees were called upon in its entirety. At the end of the reporting period, an amount of RMB6,359,000 (2020: RMB19,103,000) has been recognised in the consolidated financial information 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.

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.

18 CONTINGENT LIABILITIES (Continued)

(iii) (Continued)

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 31 December 2021 and 2020.

(iv) On 16 August 2019, it came to the attention of the Company that Mr. Ji was named a defendant in a proceeding involving claim for alleged overdue payments of approximately HK$1,466,000,000 (the "**Proceeding**"). No further information in respect of the Proceeding and the claim thereunder is available as at the date of these consolidated financial information. Pursuant to relevant terms of the Group's loan agreements, the Proceeding might be considered as an event of default the occurrence of which will allow the lender to demand accelerated repayments for certain loans of the Group totalling approximately RMB127,228,000 as at 31 December 2021 ("**Loan**"). However, up to the date of these consolidated financial information, 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.

19 COMMITMENTS

(i) Operating lease arrangement – the Group as lessor

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

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

	2021	2020
	RMB'000	*RMB'000*
Within 1 year	**142,681**	176,163
After 1 year but within 2 years	**118,277**	128,084
After 2 years but within 3 years	**89,078**	90,469
After 3 years but within 4 years	**70,277**	72,146
After 4 years but within 5 years	**52,975**	58,738
After 5 years	**370,504**	350,484
	843,792	876,084

(ii) Capital commitments

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

	2021	2020
	RMB'000	*RMB'000*
Contracted, but not provided for:		
– Property, plant and equipment	**1,573,737**	438,377
– Capital contributions to associates	**173,000**	177,000
– Capital contributions to joint ventures	**350,000**	350,000
	2,096,737	965,377

19 COMMITMENTS (Continued)

(iii) Other commitments

On 9 February 2018, the Company, China Merchants Securities Asset Management Company Limited (招商證券資產管理有限公司) and Ningbo Zhongbang Chanrong Holding Co., Ltd.* (寧波眾邦產融控股有限公司) ("**Ningbo Zhongbang**"), both being limited partners of Ningbo Fengdong Investment Management Partnership Enterprise (Limited Partnership) (寧波豐動投資管理合夥企業(有限合夥) (the "**Fund**") (collectively referred to as "**Limited Partners**") and Ningbo Zhongxin Wanbang Asset Management Company Limited (寧波眾信萬邦資產管理有限公司), being the general partner (the "**General Partner**") of the Fund, entered into a forward sale and purchase agreement ("**Forward Purchase Agreement**"), pursuant to which the Company has conditionally agreed to acquire from each of the Limited Partners their respective interests in the Fund, within 3 years from the date of full payment of the capital contributions made by the Limited Partners and the General Partner (i.e. 12 February 2018) or extended date (the "**Specified Date**") unanimously consented by all parties, at a maximum consideration of approximately RMB3,342,507,000 which was determined with reference to the capital contributions made by the Limited Partners of an aggregate amount of approximately RMB2,630,000,000 and the expected return to be distributed by the Fund in accordance with the terms of the limited partner agreement on the relevant settlement date in accordance with the terms of the Forward Purchase Agreement. In the event of default in executing the Forward Purchase Agreement at the Specified Date, the Company is liable to pay a default penalty, calculated at 0.1% per day of default (the "**Overdue Penalty**").

The object of the Fund is to invest in Shanghai Joyu Culture Communication Company Limited* (上海景域文化傳播股份有限公司) ("**Shanghai Joyu**"), or such other companies or businesses as may be agreed by the Limited Partners and the General Partner. Shanghai Joyu is principally engaged in the tourism and vacation businesses and is a one-stop Online to Offline ("**O2O**") service provider in the PRC tourism business. As at 31 December 2021, the Fund invested held approximately 26.33% (2020: 26.33%) interests in Shanghai Joyu.

Up to 12 February 2021 (i.e. 3 years after the date of full payment of the capital contributions made by the Limited Partners and the General Partner as disclosed above), the Company has not completed the abovementioned acquisition. The Group held communications with the Limited Partners and the General Partners during the year ended 31 December 2021 in relation to the execution of the Forward Purchase Agreement. Subsequent to the year end date, the Group has entered into two agreements with Ningbo Zhongbang to acquire the respective interests held by Ningbo Zhongbang and the interests held by China Merchants Securities Asset Management Company Limited to be acquired by Ningbo Zhongbang ("Revised Forward Purchase Agreements") at an aggregate consideration of approximately RMB3,020,637,000.

As at 31 December 2021, based on the latest negotiation results on the execution of the Forward Purchase Agreement and with reference to the agreed terms set out in the Revised Forward Purchase Agreements, the Limited Partners and General Partners agreed to waive all of the Overdue Penalty as may incurred. Derivative financial instruments of RMB1,820,321,000 for the committed acquisition of the interest in the Fund at an agreed consideration, based on the valuation on Shanghai Joyu as at 31 December 2021 performed by an independent professional qualified valuer by using discounted cash flows approach, was recognised in the consolidated statement of financial position.

19 COMMITMENTS (Continued)

(iii) Other commitments (Continued)

Pursuant to the Revised Forward Purchase Agreements, Ningbo Zhongbang shall utilise the loan payable due to the Group of approximately RMB904,315,000 to offset the committed acquisition consideration to be borne by the Company. During the year ended 31 December 2021, an earnest money of RMB610,000,000 has been paid by the Group and was recognised and included in other receivables in the consolidated statement of financial position as at 31 December 2021.

As at 31 December 2021, the maximum consideration to be paid by the Group to complete these transactions, based on the terms set out in the Forward Purchase Agreement and taking into consideration the loan payable by Ningbo Zhongbang of approximately RMB904,315,000, would be approximately RMB1,828,192,000.

20 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:

	2021	2020
	RMB'000	*RMB'000*
Property, plant and equipment	**2,113,881**	1,002,598
Investment properties	**4,820,921**	4,918,918
Right-of-use assets regarding the land use rights	**358,195**	146,068
Trade receivables	**398,803**	–
Financial assets at FVOCI	**1,338,295**	1,610,035
Properties under development	**323,844**	198,504
Properties held for sale	**106,443**	229,244
Pledged bank deposits	**1,897,477**	1,653,224
	11,357,859	9,758,591

21 EVENTS AFTER THE REPORTING PERIOD

(i) Completion of disposal of 43% equity interests of Nanjing High Speed

As referred to the Disposal in Note 16(b), subsequent to the end of the reporting period, the Vendor has received RMB3,300,000,000 in total as the second and the remaining instalments of the consideration and RMB115,491,000 as the Extension Interest, the Pledge was released upon receiving the second instalment, and the industrial and commerce registration for the transfer of the remaining 6% of the equity interest in Nanjing High Speed to the Transferee was completed, thus the Disposal has been completed.

After the completion of the Disposal, the Group's equity interest in Nanjing High Speed decreased to approximately 50.02% and Nanjing High Speed continued to be a subsidiary of the Group.

(ii) Disposal of Sparrow Early Learning Pty Ltd ("Sparrow")

On 28 January 2022, the Group and a purchaser in which certain management of subsidiaries of the Company have beneficial interests (the "**Management Buyer**") entered into the Share Sale and Implementation Agreement pursuant to which the Group conditionally agreed to dispose of the 72.71% equity interests in Sparrow to the Management Buyer at a cash consideration of AUD69,000,000 ("**Sparrow Disposal**"). The Sparrow Disposal has been completed on 18 March 2022. After the completion of Sparrow Disposal, the Group held 24.01% equity interests in Sparrow and Sparrow ceased to be a subsidiary of the Group.

Details of the Sparrow Disposal is set out in the Company's announcements dated 28 January 2022 and 18 March 2022.

BUSINESS REVIEW

The revenue of the Fullshare Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2021 (the "**Year 2021**"), was derived from property, tourism, investment and financial services, healthcare and education and new energy businesses.

(1) Property business

(a) Property sales

During the Year 2021, the Group had contracted sales of approximately Renminbi ("**RMB**")54,225,000, representing an increase of approximately 146% as compared with the year ended 31 December 2020 (the "**Year 2020**"). The Group made contracted sales for an aggregate gross floor area ("**GFA**") of approximately 4,264 sq.m., representing an increase of approximately 266% as compared with the Year 2020. The contract sales for Year 2021 were mainly contributed by Xiangti Villa Project(香醍名邸項目)developed by a Tianjin property development company which was acquired by the Group in the previous year. As at 31 December 2021 and 31 December 2020, the Group has delivered the properties for all signed sales contracts. During the Year 2021, the average contracted selling price was approximately RMB12,716 per sq.m., representing an decrease of approximately 33% as compared with the Year 2020.

As at 31 December 2021, a breakdown of the major properties held by the Group in the People's Republic of China (the "**PRC**") and their construction status was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area *(sq.m.)*	GFA Completed *(sq.m.)*	GFA under construction *(sq.m.)*	Accumulated contracted sales GFA *(sq.m.)*	Interest attributable to the Group
Yuhua Salon (雨花客廳)A1	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	33,606	79,287	–	60,300	100%
Yuhua Salon (雨花客廳)A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Hotel and office project	Completed	Completed	30,416	81,380	–	–	100%
Yuhua Salon (雨花客廳)C South	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	42,639	133,832	–	70,946	100%
Yuhua Salon (雨花客廳)C North	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Apartment and commercial project	Completed	Completed	48,825	189,193	–	68,707	100%
Lianyunggang Shunfeng Project (連雲港順豐項目)#	No. 8 Xinguang Road, Lianyunggang District economics development zone. Nanjing, Jiangsu Province, the PRC	Commercial project	Completed	Completed	–	7,571	–	–	100%
Xiangti Villa (香醍名邸)Phase 2	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Not yet commence construction	Second quarter of 2024	30,932	–	–	–	80%
Xiangti Villa (香醍名邸)Phase 3A	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Completed	Completed	6,644	5,585	–	–	80%
Xiangti Villa (香醍名邸)Phase 3B	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Under construction	Third quarter of 2023	35,521	–	69,448	–	80%
Xiangti Villa (香醍名邸)Phase 4	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Completed	Completed	28,459	22,758	–	18,624	80%
					257,042	519,606	69,448	218,577	

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

(b) Investment properties

As at 31 December 2021, the investment properties of the Group mainly included Wonder City*(虹悅城), certain units of Yuhua Salon*(雨花客廳), Liuhe Happy Plaza Project *(六合歡樂廣場項目), Nantong Youshan Meidi Garden Project*(南通優山美地花園項目), Huitong Building Project*(匯通大廈項目), Zhenjiang Youshan Meidi Garden Project*(鎮江優山美地花園項目)and Weihai Project*(威海項目).

	Address	Existing use	Term of contract	GFA *(sq.m.)*	Interest attributable to the Group
Nanjing					
Wonder City(虹悅城)	No. 619 Yingtian Da Jie, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	100,605	100%
Yuhua Salon(雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and shopping mall	Medium-term covenant	85,454	100%
Yuhua Salon(雨花客廳)(certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	2,704	100%
Liuhe Happy Plaza Project* (六合歡樂廣場)(two floors)	No. 52-71 Longjinlu Liuhe District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	18,529	100%
Liuhe Happy Plaza Project* (六合歡樂廣場) (certain units)	No. 52-71 Longjinlu Liuhe District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	1,628	100%
Nantong					
Nantong Youshan Meidi Garden Project (南通優山美地花園項目)	No. 1888, Xinghu Avenue, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building (匯通大廈項目)	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project(鎮江優山美地花園項目)	At the cross of Guyang North Road and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC	Commercial	Medium-term covenant	10,085	100%
Weihai					
Weihai Project(威海項目)	Block 1, No. 229, Rongshan Road, Chengshan, Rongcheng City, Weihai, Shandong Province, the PRC	Commercial	Medium-term covenant	6,472	100%
				266,814	

(c) Green building services and entrusted construction services

During the Year 2021, the Group engaged in provision of technical design and consulting services, green management services and entrusted construction services in the PRC. During the Year 2021, the revenue from both green building services and entrusted construction services was approximately RMB5,349,000 (2020: RMB11,052,000).

(2) Tourism business

During the Year 2021, the Group has gradually developed its tourism business, with an industrial layout that combines investment and businesses and an integration of long-term and short-term initiatives. The tourism property projects currently invested and held by the Group include the Laguna project in Queensland, Australia, the Sheraton project in Australia and Nanjing Five Seasons Hotel project.

The Laguna project is located in Bloomsbury, Queensland, 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.

The Sheraton project is located in Port Douglas, Queensland, Australia, a globally renowned tourist resort. The Sheraton project comprises the Sheraton Mirage Resort and the Golf Club and has a total of 295 guest rooms, 4 restaurants and bars, and an 18-hole golf course, with a total land lot site area of approximately 1,108,297 sq.m., and a total GFA of approximately 62,328 sq.m. During the Year 2021, due to the impact of the COVID-19 pandemic, Australia experienced an upsurge in local tourism demand due to restrictions on international travel, with the operating revenue of Sheraton Hotel achieved the best historical results from January to June 2021. Due to the spreading of Omicron variant, the confirmed cases in New South Wales and Victoria State increased significantly, with an average of approximately 10,000 confirmed cases per day. In the second half of 2021, Queensland State prohibited people flow from New South Wales and Victoria State, resulting in a large number of hotel subscriptions cancelled, which caused the expected target for the full year of 2021 not achieved. However, in 2022, the Australian government formulated a long-term plan to co-exist with the virus, including a mutually acceptable policy among states, which is expected to boost the recovery of the tourism industry.

Nanjing Five Seasons Hotel is located in the Software Valley, Nanjing City, Jiangsu Province, the PRC with a land lot site area of 30,416 sq.m. and a total GFA of 81,380 sq.m. As at 31 December 2021, the hotel restaurants and 180 rooms have been put into operation.

(3) Investment and financial services business

During the Year 2021, the Group's investment and financial services business consists of holding and investing in various listed and unlisted equities and treasury products and provision of investment and financial related services.

(a) Listed equity investments held for trading

The portfolio of listed equity investments of the Group held for trading as at 31 December 2021 and 31 December 2020 is set out as below:

As at 31 December 2021

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

Notes:

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

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

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

As at 31 December 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 year *RMB'000*	Realised gain/(loss) arising from the disposal for the year *RMB'000*	Dividend received/ receivable for the year *RMB'000*
153.HK *(Note 1)*	China Saite Group Company Limited	190,120,000	6.29%	88,646	16,661	(9.233)	–	–
1908.HK *(Note 1)*	C&D International Investment Group Limited	–	0%	–	–	–	31,234	–
2098.HK *(Note 1)*	Zall Group	587,453,000	4.99%	573,252	351,453	(21,502)	7,639	–
8307.HK *(Note 1)*	Medicskin Holdings Limited	–	0%	–	–	–	(2,959)	–
1708.HK *(Note 1)*	Nanjing Sample Technology Company Limited	631,000	0.08%	918	1,212	394	110	–
					369,326	(30,341)	36,024	–

Notes:

1. All of the above companies are listed companies on the Stock Exchange

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

As at 31 December 2021 and 2020, the Group did not hold any significant investment with a value greater than 5% of the Group's total assets.

(b) Other investments

During the Year 2021, 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 Year 2021, this segment recorded a loss of approximately RMB99,836,000 (2020: RMB1,081,265,000). The significant changes was mainly derived from the impairment losses recognised for certain financial assets. The net impairment losses recognised for certain financial assets for the Year 2021 was approximately RMB87,139,000 (2020: RMB1,077,850,000). The loss from fair value change after tax of the financial instruments at fair value through other comprehensive income was approximately RMB201,013,000 (2020: gain of RMB103,632,000). As at 31 December 2021, the total amount of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income held by the Group were approximately RMB1,248,037,000 and RMB6,221,520,000 (31 December 2020: RMB1,694,092,000 and RMB6,570,269,000) respectively.

(4) Healthcare and education business and others

During the Year 2021, 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 RMB511,181,000 (2020: RMB407,585,000).

(5) New Energy segment

(a) Wind gear transmission equipment

The Group is a leading supplier of wind gear transmission equipment in China, by leveraging on its strong research, design and development capabilities, our technology have reached an internationally advanced technical level. The wind gear transmission equipment products of the Group are widely applied in onshore and offshore wind power. The 2MW-7MW wind gear transmission equipment products have been provided to domestic and overseas customers in bulk and are well recognised by customers in general. With the product platform StanGearTM and WinGearTM and our core technology platform, we are continuing to upgrade our product design and computation analysis technology, process manufacturing technology, heat treatment and control technology and the processing technology of precise tooth profiles for the reserve of solid technology foundation for the manufacturing of equipment in MW. In light of market development trend, the Group is actively developing gear boxes in MW and introducing technologies of status monitoring, big data analysis and mobile terminal technology and striving to establish an integrated product and service system of intelligent gear boxes.

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, Suzlon and Doosan. 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 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 domestic and overseas customers with a view to providing further diversified services for global customers.

(b) Industrial gear transmission equipment

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

In recent years, the Group has continued to adhere to the strategy for green development of the industrial gear transmission equipment business. 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 and explored in-depth the heavy-duty transmission field. Meanwhile, the Group has developed modular, serialized and intelligent products which are internationally competitive. Through the characteristics of "complete range, clear layers and precise subdivision" as our products positions and market positions, the Group would be able to facilitate its change in sales strategies and to explore new markets and industries. In particular, the Group aims to focus on the research and development of the standard gear box and planetary gear box segment and to explore new markets of the same segment. At the same time, the Group has strengthened its efforts to provide and sell parts and components of relevant products as well as comprehensive system solutions to its customers, helping them to enhance their current production efficiency without increasing capital expenditure and satisfying the diverse and differentiated needs of customers, thereby maintaining the Group's position as a major supplier in the industrial gear transmission equipment market.

(c) Rail transportation gear transmission equipment

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

(d) Trading business

The trading business of the Group mainly focuses on bulk commodity and steel industry chain. The bulk commodity trading business mainly involves the procurement and wholesale of refined oil and electrolytic copper. During the Year, the revenue generated from the bulk commodity trading business accounted for approximately 85% of the total revenue generated in the trading business. The trading business in steel industry chain mainly involves the procurement and wholesale of coal and coke (the raw material of steel), and the procurement and wholesale of steel. During the Year, the revenue generated from the trading business in steel industry chain accounted for approximately 15% of the total revenue generated in the trading business. The Group's trading business in steel industry chain takes core resources of its trade system as a key point in expanding its system. At present, the Group has completed the preliminary resource integration of the steel industry from the upstream raw material to special steel, which promotes the development of the trading business.

PROSPECT

In 2022, the Group will pursue steady growth on existing business segments. Keeping the idea of being an industrial platform, the Group will operate and integrate the resources and platforms it owns through ways of self-operation, investment in equities and cooperation, in order to form an industrial platform with a complete industrial hierarchy, full business synergy and sound transaction logic. The Group will pay close attention to quality projects relating to big health projects in the market, and make prudent and sound investments with a view to achieving good return on investment. The Group firmly believes that a diversified business portfolio can bring sustainable and stable revenue, and that the synergies between the businesses will be fully utilized, thus laying a solid foundation for the Group's development.

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

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately RMB5,120,498,000, or 32%, from approximately RMB16,171,377,000 for the Year 2020 to approximately RMB21,291,875,000 for the Year 2021. The revenue and the changes for the Year 2021 and Year 2020 derived from different segments are listed as below:

Segment	Year 2021	Year 2020	Changes	
	RMB'000	*RMB'000*	*RMB'000*	percentage
Properties	**312,719**	261,754	**50,965**	**19%**
Tourism	**245,425**	114,385	**131,040**	**115%**
Investment and financial services	**12,024**	19,142	**(7,118)**	**(37)%**
Healthcare, education and others	**511,181**	407,585	**103,596**	**25%**
New Energy	**20,210,526**	15,368,511	**4,842,015**	**32%**
Total Revenue	**21,291,875**	16,171,377	**5,120,498**	**32%**

The increment of the revenue of the Group mainly derived from new energy segment which contributed the largest increment to the revenue of Group amounting to approximately RMB4,842,015,000. It was mainly due to the increase in market demands of wind gear transmission equipment and trading business in bulk commodity and steel industry chain which led to the increase in delivery.

The revenue from education segment increased by approximately RMB103,596,000. It was because during the early Year 2020, the outbreak of COVID-19 pandemic caused Australian government to implement a short-term policy which set a cap on the fee charged by the early learning centre. In addition, the health concern and increasing unemployment rate brought an adverse impact on the demand for early learning centre services. With the effective control of the spread of COVID-19 pandemic by the Australian government, the demand for early learning centre services improved gradually which resulted in an increase in revenue during the Year 2021.

The revenue from tourism segment also increased by approximately RMB131,040,000. It is because during the Year 2020, the outbreak of COVID-19 pandemic led to the slump in the demands of travelers under the travel restrictions imposed by different countries. Though the travel restrictions were still tight, the effective control of the spread of COVID-19 in Australia and the accumulated desire for travelling promoted the demand for staycation locally. In addition, Nanjing Five Seasons Hotel was put into operation during the Year 2021. As a result, the revenue increased in the Year 2021.

The revenue from properties segment increased by approximately RMB50,965,000 which was mainly because more property units were delivered and more rental income was earned in the Year 2021.

Cost of sales and services

The cost of sales and services of the Group increased by approximately RMB5,139,769,000, or 40%, from approximately RMB12,736,401,000 for the Year 2020 to approximately RMB17,876,170,000 for the Year 2021. The cost and changes for the Year 2021 and Year 2020 derived from different segments are listed as below:

Segment	**Year 2021**	Year 2020	**Changes**	
	RMB'000	*RMB'000*	***RMB'000***	**percentage**
Properties	**203,903**	147,169	**56,734**	**39%**
Tourism	**242,854**	109,787	**133,067**	**121%**
Investment and financial services	**1,369**	6,587	**(5,218)**	**(79)%**
Healthcare, education and others	**388,747**	289,449	**99,298**	**34%**
New energy	**17,039,297**	12,183,409	**4,855,888**	**40%**
Total cost	**17,876,170**	12,736,401	**5,139,769**	**40%**

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately RMB19,271,000, or 1%, from approximately RMB3,434,976,000 in the Year 2020 to approximately RMB3,415,705,000 for the Year 2021. The gross profit margin decreased from 21% in the Year 2020 to 16% for the Year 2021. The gross profit of the Group was mainly derived from new energy segment. The gross profit and gross profit margin for the Year 2021 derived from new energy segment was approximately RMB3,171,229,000 and 16% (Year 2020: 3,185,102,000 and 21%) respectively. The decrease in gross profit of new energy segment even though the revenue increased was mainly due to the decrease in gross profit margin. The decrease of gross profit margin was the result of (i) the increase in the proportion of trading business with lower gross profit margin; and (ii) the decrease in the gross profit margin of wind gear transmission equipment because of the decreased sales price and the increased costs.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately RMB51,651,000, or 11%, from approximately RMB473,300,000 in the Year 2020 to approximately RMB524,951,000 for the Year 2021. The selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses, staff costs and business expenses. The increase in selling and distribution expenses in the Year 2021 was mainly in line with the increase in revenue from new energy segment.

Administrative expenses

Administrative expenses of the Group decreased by approximately RMB76,539,000, or 8%, from approximately RMB942,450,000 in the Year 2020 to approximately RMB865,911,000 for the Year 2021. The administrative expenses for the Year 2021 mainly included salaries and staff welfare, depreciation and amortization of tangible and intangible assets. The decrease in administrative expenses in the Year 2021 was mainly due to the effort of the Group's implementation of cost control policy and business restructuring of one of the subsidiaries to resume normal operation such that the staff costs and depreciation were included in production cost instead of administrative expenses during the Year 2021.

Research and development costs

Research and development costs of the Group increased by approximately RMB150,033,000, or 29%, from approximately RMB517,749,000 in the Year 2020 to approximately RMB667,782,000 for the Year 2021. The increased in research and development costs mainly due to increase in efforts put on research and development of new products in new energy segment.

Net impairment losses on the financial assets and financial guarantee contracts

The net impairment loss on the financial assets and financial guarantee contracts of the Group in the Year 2021 decreased by approximately RMB990,711,000 or 92%, from approximately RMB1,077,850,000 for the Year 2020 to approximately RMB87,139,000 for the Year 2021. A significant net impairment losses has been recognised in previous year due to the increment of the expected loss rate of loans and other receivables in view of delayed repayments and continuous worsening financial status of certain borrowers or debtors.

Other income

Other income decreased by approximately RMB33,423,000, or 7%, from approximately RMB461,894,000 in the Year 2020 to approximately RMB428,471,000 for the Year 2021. Other income for the Year 2021 mainly included bank, extension and other interest income of approximately RMB203,073,000, government grants of approximately RMB70,311,000 and sales of scraps and material of approximately RMB63,302,000. Other income in the Year 2020 mainly included bank and other interest income of approximately RMB140,625,000, government grants of approximately RMB185,644,000 and sales of scraps and material of approximately RMB73,160,000.

Net fair value change in financial instruments

The Group maintains its investment segment through possessing and investing in various investment and financial products for potential or strategic use purposes. The Group recorded a loss on change in fair value of financial instruments of approximately RMB1,812,574,000 for the Year 2021 as compared to the gain on change in fair value of approximately RMB56,152,000 in the Year 2020. The significant fair value loss in the Year 2021 was mainly derived from derivative financial instruments in respect of a forward contract to acquire an entity, principal activity of which is engaged in tourism business in the PRC. In accordance with the valuation performed by the independent valuer, the valuation of this entity is far below the consideration as stated in the forward contract. In adjusting the investment portfolio, most of the listed equity recorded as fair value through profit or loss has been disposed of. Accordingly, the fair value change impact derived from listed equity is relatively moderate for the Group.

Other losses/gain – net

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

During the Year 2020, other losses included an impairment of loss of property, plant and equipment and goodwill amounting to RMB258,892,000 and RMB181,669,000 respectively. The impairment mainly related to hotel and land used for development of resort and the goodwill from education segment, both located in Australia. In view of the negative impact brought by the outbreak of COVID-19 pandemic, the management considered there may be an indicator of impairment. Therefore the management reassessed the recoverable amounts of the relevant assets during the Year 2020, and found that they were lower than their carrying values. Accordingly, impairment losses were recognised. With the effective control of the spread of COVID-19 in Australia, the operation of relevant education and tourism is gradually improving and accordingly, no impairment losses were recognised in the Year 2021.

Finance costs

Finance costs of the Group decreased by approximately RMB122,565,000, or 20%, from approximately RMB605,003,000 in the Year 2020 to approximately RMB482,438,000 for the Year 2021, which was mainly due to the lower average borrowing amount of the Group and decrease in borrowing rate for the Year 2021 than in the Year 2020.

Share of result of joint ventures and associates

The Group's share of loss from its joint ventures and associates increased significantly from approximately RMB20,582,000 in the Year 2020 to approximately RMB1,393,979,000 for the Year 2021. It is mainly due to the impairment recognised for two associates, of which the controlling shareholder is China Evergrande Group. During the Year 2021, the management of the associates refused to grant access to certain books and records of these associates to the Group. In view of material uncertainty about their financial positions, the management recognised full impairment for the Group's carrying values of these associates of approximately RMB1,363,268,000.

Income tax expense/credit

For the Year 2021, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB340,980,000 and RMB57,302,000 respectively, and in the Year 2020, the current tax expense and the deferred tax credit amounted to approximately RMB447,569,000 and RMB46,721,000, respectively.

Loss for the Year 2021

For the Year 2021, the Group recorded a loss after tax of approximately RMB2,335,758,000 while in the Year 2020, the Group recorded a loss after tax of approximately RMB698,280,000. The increase in loss was mainly due to the impairment losses recognised for associates and fair value loss of derivative financial instrument in relation to a forward contract to acquire an entity.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

For the Year 2021, the Group financed its operations and investments mainly by internally generated funds and debt financing.

Cash position

As at 31 December 2021, the Group had cash and cash equivalents (excluding the restricted cash) of approximately RMB3,473,102,000 (31 December 2020: RMB2,490,570,000), representing an increase by approximately RMB982,532,000 or 39% as compared to 31 December 2020. The Group's cash and cash equivalents remain stable. The Group regularly and closely monitors its funding and treasury position to meet the funding requirements of the Group.

Bank and other borrowings and corporate bonds

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

	As at 31 December 2021 *RMB'000*	As at 31 December 2020 *RMB'000*
Bank and other borrowings repayable:		
Within one year or on demand	**7,357,209**	5,019,531
Between one and two years	**1,078,716**	700,166
Between two to five years	**811,113**	1,319,302
Over five years	**47,043**	178,133
Total debts	**9,294,081**	7,217,132

As at 31 December 2021, the total debt of the Group increased by approximately 2,076,949,000 or 29%, as compared with 31 December 2020.

Leverage

The gearing ratio of the Group as at 31 December 2021, calculated as a ratio of the sum of bank and other borrowings to total assets, was approximately 20% (31 December 2020: 17%). The net equity of the Group as at 31 December 2021 was approximately RMB17,995,855,000 (31 December 2020: approximately RMB20,796,980,000).

As at 31 December 2021, the Group recorded total current assets of approximately RMB24,751,821,000 (31 December 2020: RMB22,016,575,000) and total current liabilities of approximately RMB23,147,896,000 (31 December 2020: RMB18,422,573,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.1 as at 31 December 2021 (31 December 2020: 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 31 December 2021, bank and other borrowings of approximately RMB8,144,297,000, RMB880,461,000, RMB18,189,000, and RMB251,134,000 (31 December 2020: RMB5,853,810,000, RMB888,499,000, RMB202,330,000 and RMB272,493,000) were denominated in RMB, US dollars, Hong Kong dollars and Australia dollars respectively. The debts in various currencies were mainly made to finance the operation of Group's entities in different jurisdictions.

Bank and other borrowings of approximately RMB6,958,317,000 (31 December 2020: RMB5,649,084,000) 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 31 December 2021 are set out in note 20 to the consolidated financial information attached to this announcement.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the Year 2021, are set out in note 4 to the consolidated financial information attached to this announcement.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 31 December 2021 are set out in note 19 to the consolidated financial information attached to this announcement.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2021 are set out in note 18 to the consolidated financial information attached to this announcement.

SUBSEQUENT EVENTS

As at 31 December 2021, details of the subsequent events of the Group are set out in note 21 to the consolidated financial information attached to this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS

To expand the scale of operations and improve the quality of the assets of the Group, the Group conducted the following material disposal in the Year 2021:

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

The Disposal was completed on 4 March 2022. Following the Disposal, Nanjing High Speed will continue to be an indirect non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated with financial results of the Group.

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

In the Year 2021, save as disclosed above, the Group did not have any other material acquisition or disposal of subsidiaries, associates or joint ventures.

DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 December 2021.

EMPLOYEES

As at 31 December 2021, the Group had 8,384 employees (31 December 2020: 8,311 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB1,864,222,000 in the Year 2021 (Year 2020: approximately RMB2,452,995,000). 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.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Corporate Governance Code (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 Audit Committee has reviewed the audited consolidated financial information of the Group for the Year 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company or its subsidiaries during the Year 2021.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the Year 2021 as set out in this announcement have been agreed with the Group's auditor, Baker Tilly Hong Kong Limited ("**Baker Tilly**"), which is consistent with the figures set out in the Group's audited consolidated financial statements for the Year 2021. The work performed by Baker Tilly in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly on this announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditors' report on the Group's annual consolidated financial statements in respect of qualified opinion arising from limitation of scope for the year ended 31 December 2021:

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the "Basis for qualified opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for qualified opinion

As disclosed in Note 24 to the consolidated financial statements, the Group holds certain equity interests in two associates, namely Changzhou Jiangheng Real Estate Development Co. Ltd. and Yangzhou Hengfu Real Estate Development Co. Ltd. (collectively the "**China Evergrande Group Companies**"). Under the equity method, the Group recognised share of results of the China Evergrande Group Companies of RMB30,705,000 in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2021. At the end of the reporting period, the Group, based on management's best estimates on the recoverable amounts of the equity interests in the China Evergrande Group Companies, recognised an impairment loss of RMB1,363,268,000 on the investments in associates.

The directors of the Company have represented to us that, management of the China Evergrande Group Companies refused to grant access to books and records to the Group and the supporting documents and financial information relating to the carrying amount of the investments in associates as at 31 December 2021. Due to the lack of available information, we were unable to obtain sufficient audit evidence regarding the carrying amount of the investments in associates as at 31 December 2021 and the share of results of the China Evergrande Group Companies and impairment losses on investments in associates for the year ended 31 December 2021. As a result, we were also unable to obtain sufficient audit evidence on the financial information of the China Evergrande Group Companies as of and for the year ended 31 December 2021 disclosed in Note 24 to the consolidated financial statements.

We were therefore unable to determine whether the above amounts were free from material misstatement. Any adjustments found to be necessary in respect of the above amounts would have a consequential impact on the Group's net assets as at 31 December 2021 and the Group's loss for the year then ended.

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

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance. The Board believes that a high standard of corporate governance provides a framework and solid foundation for the Group to manage business risks, enhance transparency, maintain a high standard of accountability and protect interests of the shareholders and other stakeholders of the Company.

The Company has applied the principles and complied with the code provisions of the CG Code during the Year 2021 except for the following deviation:

Under the Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year 2021, the positions of chairman and chief executive officer (the "**CEO**") of the Company were held by Mr. Ji Changqun ("**Mr. Ji**"). The Board believes that the holding of both positions of chairman and CEO by the same individual allows more effective planning and execution of business strategies. In addition, the Board is of the view that the balanced composition of the executive and independent non-executive Directors on the Board and the various committees of the Board in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority. The Board will review regularly to consider that this structure will not impair the balance of power and authority between the Board and the management of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Year 2021.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement has been published on the website of the Stock Exchange, www.hkexnews.hk, and the website of the Company, www.fullshare.com. The annual report for the Year 2021 will be despatched to the shareholders of the Company and published on the above-mentioned websites in due course.

By Order of the Board
Fullshare Holdings Limited
Ji Changqun
Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, 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. Tsang Sai Chung and Mr. Huang Shun.

* *For identification purpose only*