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Fullshare Holdings Limited

豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “**Board**”) of directors (the “**Directors**”) of Fullshare Holdings Limited (the “**Company**”) announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 (the “**Period Under Review**”), together with comparative figures for the previous corresponding period prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

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

For the six months ended 30 June 2022

(Expressed in Renminbi)

	Note	For the six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) (Restated) RMB'000
Continuing operations			
Revenue	4, 5	9,980,131	10,911,503
Cost of sales and services provided	9	<u>(8,526,813)</u>	<u>(9,034,803)</u>
Gross profit		1,453,318	1,876,700
Selling and distribution expenses	9	(230,530)	(239,285)
Administrative expenses	9	(407,720)	(755,514)
Research and development costs	9	(365,701)	(451,007)
Net reversal of/(provision for) impairment losses on financial assets and financial guarantee contracts	3	914,741	(227,260)
Other income	7	209,139	306,462
Net fair value changes in financial instruments	6	(862,677)	(513,976)
Other gains – net	8	<u>81,710</u>	<u>69,034</u>

	<i>Note</i>	For the six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) (Restated) RMB'000
Operating profit		792,280	65,154
Finance costs	<i>10</i>	(379,175)	(275,726)
Share of results of joint ventures		9,131	17,119
Share of results of associates		(858)	(18,431)
Profit/(loss) before tax		421,378	(211,884)
Income tax expenses	<i>11</i>	(356,855)	(160,672)
Profit/(loss) for the period from continuing operations		64,523	(372,556)
Profit for the period from discontinued operation	<i>19</i>	141,573	6,748
Profit/(loss) for the period		206,096	(365,808)
Other comprehensive loss for the period:			
<i>Items that may be reclassified to profit or loss:</i>			
– Release of exchange reserve upon disposal of a subsidiary		–	(192,753)
– Release of exchange reserve upon disposal of discontinued operation		(11,552)	–
– Exchange differences on translation of foreign operations		(36,097)	21,420
– Changes in fair value of debt instruments at fair value through other comprehensive income		11,636	3,207
– Income tax relating to these items		(1,400)	(507)
		(37,413)	(168,633)
<i>Items that will not be reclassified to profit or loss:</i>			
– Changes in fair value of equity instruments at fair value through other comprehensive income		(83,106)	(118,821)
– Income tax relating to these items		16,810	34,484
		(66,296)	(84,337)
Other comprehensive loss for the period, net of tax		(103,709)	(252,970)
Total comprehensive income/(loss) for the period		102,387	(618,778)

		For the six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
			(Restated)
<i>Note</i>		RMB'000	RMB'000
Profit/(loss) for the period attributable to:			
	– Equity shareholders of the Company	46,723	(581,187)
	– Non-controlling interests	159,373	215,379
		<u>206,096</u>	<u>(365,808)</u>
Profit/(loss) for the period attributable to equity shareholders of the Company arises from:			
	– Continuing operations	(94,776)	(587,713)
	– Discontinued operation	141,499	6,526
		<u>46,723</u>	<u>(581,187)</u>
Total comprehensive income/(loss) for the period attributable to:			
	– Equity shareholders of the Company	(66,270)	(805,380)
	– Non-controlling interests	168,657	186,602
		<u>102,387</u>	<u>(618,778)</u>
Total comprehensive income/(loss) for the period attributable to equity shareholders of the Company arises from:			
	– Continuing operations	(209,819)	(801,623)
	– Discontinued operation	143,549	(3,757)
		<u>(66,270)</u>	<u>(805,380)</u>
Loss per share for loss from continuing operations attributable to the equity shareholders of the Company (expressed in RMB)			
	Basic and diluted loss per share	13 <u>RMB(0.005)</u>	<u>RMB(0.030)</u>
Profit/(loss) per share for profit/(loss) attributable to the equity shareholders of the Company (expressed in RMB)			
	Basic and diluted earnings/(loss) per share	13 <u>RMB0.002</u>	<u>RMB(0.030)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

(Expressed in Renminbi)

	30 June 2022 (Unaudited) <i>RMB'000</i>	31 December 2021 (Audited) <i>RMB'000</i>
<i>Note</i>		
Non-current assets		
Property, plant and equipment	7,239,496	6,357,430
Investment properties	5,048,701	5,050,852
Right-of-use assets	1,080,032	1,352,508
Goodwill	1,503,818	1,880,169
Other intangible assets	324,108	359,018
Investments in joint ventures	293,339	281,468
Investments in associates	376,166	325,254
Financial assets at fair value through other comprehensive income	2,440,869	2,889,286
Financial assets at fair value through profit or loss	414,841	402,124
Loan receivables	149,522	46,837
Other financial assets at amortised cost	466,104	1,077,605
Other receivables	147,714	1,623
Prepayments	47,549	47,549
Deferred tax assets	817,444	776,758
	<u>20,349,703</u>	<u>20,848,481</u>
Current assets		
Inventories	5,819,869	5,210,362
Trade receivables	5,867,064	4,471,744
Loans receivables	1,588,868	1,395,998
Prepayments	1,680,484	1,451,285
Other receivables	2,348,819	1,722,823
Other financial assets at amortised cost	625,038	–
Income tax prepaid	18,244	12,272
Financial assets at fair value through other comprehensive income	2,895,400	3,332,234
Financial assets at fair value through profit or loss	596,683	845,913
Properties under development	858,033	811,872
Properties held for sale	111,459	112,809
Restricted cash	3,619,563	1,911,407
Cash and cash equivalents	5,579,164	3,473,102
	<u>31,608,688</u>	<u>24,751,821</u>

		30 June	31 December
		2022	2021
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
Current liabilities			
Trade and bills payables	<i>15</i>	7,926,962	7,014,932
Other payables and accruals	<i>16</i>	2,841,060	4,344,394
Contract liabilities		1,001,487	872,789
Derivative financial instruments		2,688,011	1,825,964
Lease liabilities		11,016	46,805
Bank and other borrowings	<i>17</i>	8,097,378	7,357,209
Income tax payable		730,538	808,311
Warranty provision		1,035,750	863,250
Deferred income		11,789	14,242
Written put option liability	<i>18(b)</i>	4,384,115	–
		<u>28,728,106</u>	<u>23,147,896</u>
Net current assets		<u>2,880,582</u>	<u>1,603,925</u>
Total assets less current liabilities		<u>23,230,285</u>	<u>22,452,406</u>
Non-current liabilities			
Bank and other borrowings	<i>17</i>	3,046,309	1,936,872
Deferred income		292,859	200,477
Lease liabilities		8,588	307,953
Warranty provision		886,612	848,784
Deferred tax liabilities		1,172,829	1,162,465
		<u>5,407,197</u>	<u>4,456,551</u>
Net assets		<u><u>17,823,088</u></u>	<u><u>17,995,855</u></u>
Capital and reserves			
Share capital		186,100	160,872
Reserves		<u>12,026,958</u>	<u>14,019,807</u>
Equity attributable to equity shareholders of the Company		<u>12,213,058</u>	<u>14,180,679</u>
Non-controlling interests		<u>5,610,030</u>	<u>3,815,176</u>
Total equity		<u><u>17,823,088</u></u>	<u><u>17,995,855</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Expressed in Renminbi)

1 GENERAL INFORMATION

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

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

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

During the six months ended 30 June 2022, as detailed in Note 19, the Group disposed of a subsidiary which represented a separate major line of education business in Australia and was constituted as discontinued operation under HKFRS 5. Accordingly, the results of the discontinued operation were presented separately in the consolidated statement of profit or loss and other comprehensive income. The comparative information relating to the discontinued operation has been re-presented to conform to the current period’s presentation.

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

2 BASIS OF PREPARATION

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

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

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

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

The interim condensed consolidated financial information have been prepared on a going concern basis, although the Group has experienced the committed repayments of Earnest Money (Note 16(a)) and certain overdue borrowings (Note 17). The management of the Company has closely monitored the liquidity risk and considered the risk is under control after taking into consideration the adequate collaterals to secure the relevant loan and financial position of the Group.

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

2 BASIS OF PREPARATION (Continued)

2.1 New standards, amendments and interpretation adopted by the Group

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

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

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

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

3 FINANCIAL RISK MANAGEMENT

Credit risk

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

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.

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

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

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

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.

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

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

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 sale of other products; and
- New energy – manufacture and sale of mechanical transmission equipment products and trade of goods.

The Group disposed of a subsidiary which represented a separate major line of education business in Australia during the six months ended 30 June 2022 and was classified as discontinued operation. Although the Group still holds a shareholding of the entity which has significant influence and will closely monitor and assess the performance of the business as part of healthcare, education and others segment, the segment information reported does not include any amounts for the discontinued operation separately presented, which are described in more details in Note 19. Accordingly, certain comparative information related to the discontinued operation are re-presented in these interim condensed consolidated financial information.

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

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

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

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

4 OPERATING SEGMENT INFORMATION (Continued)

	For the six months ended 30 June 2022 (Unaudited)					
	Properties	Tourism	Investment and financial services	Healthcare, education and others	New energy	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:						
Sales to external customers	129,865	155,331	5,783	3,566	9,685,586	9,980,131
Fair value changes in financial instruments	–	(867,691)	4,054	–	960	(862,677)
Segment results	<u>19,978</u>	<u>(866,370)</u>	<u>973,557</u>	<u>1,772</u>	<u>503,711</u>	<u>632,648</u>
Reconciliation:						
Unallocated bank interest income (Note 7)						52,672
Unallocated extension interest income (Note 7)						21,373
Unallocated interest income on deferred consideration (Note 7)						2,646
Unallocated income, gains and losses						119,741
Corporate and other unallocated expenses						(28,527)
Finance costs (Note 10)						(379,175)
Profit before tax from continuing operations						<u>421,378</u>
Segment assets at 30 June 2022 (Unaudited)	6,908,358	2,519,045	5,425,410	146,738	26,786,534	41,786,085
Reconciliation:						
Corporate and other unallocated assets						<u>10,172,306</u>
Total assets at 30 June 2022 (Unaudited)						<u>51,958,391</u>
Segment liabilities at 30 June 2022 (Unaudited)	1,372,650	2,770,966	145,202	1,361	11,643,798	15,933,977
Reconciliation:						
Corporate and other unallocated liabilities						<u>18,201,326</u>
Total liabilities at 30 June 2022 (Unaudited)						<u>34,135,303</u>

4 OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June 2021 (Unaudited) (Restated)

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

4 OPERATING SEGMENT INFORMATION (Continued)

Revenue from external customers by locations of customers

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

5 REVENUE

An analysis of revenue from continuing operations is as follows:

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

5 REVENUE (Continued)

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

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

6 NET FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

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

Note:

The fair value changes from derivative financial instruments for the six months ended 30 June 2022 and 2021 was mainly derived from the fair value change of a Forward Purchase Agreement to acquire certain equity interest. Details of the transaction are set out in Note 21(iii).

7 OTHER INCOME

	<i>Note</i>	For the six months ended 30 June	
		2022 (Unaudited) RMB'000	2021 (Unaudited) (Restated) RMB'000
From continuing operations:			
Bank interest income	(i)	52,672	30,839
Extension interest income	18	21,373	–
Interest income on deferred consideration	19	2,646	–
Other interest income	(ii)	21,413	132,037
Dividend income		32	23,604
Management fees income	(iii)	21,276	28,137
Government grants	(iv)	46,316	38,674
Sales of scraps and materials		26,970	41,622
Others		16,441	11,549
		209,139	306,462

Notes:

- (i) Bank interest income is principally derived from restricted cash and cash and cash equivalents.
- (ii) Other interest income is principally derived from loans receivables and other financial assets at amortised cost.
- (iii) Management fees income consist of management fees income for leased shops, carparking fees income and other ancillary service income in relation to leases of property.
- (iv) Government grants represented mainly grants from the PRC's local authority to support local companies. There are no unfulfilled conditions or contingencies attaching to these grants.

8 OTHER GAINS – NET

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

9 EXPENSES BY NATURE

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

10 FINANCE COSTS

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

11 INCOME TAX EXPENSES

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

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

(a) PRC corporate income tax (“CIT”)

PRC CIT has been provided at the rate of 25% (six months ended 30 June 2021: 25%) on the taxable profits of the Group’s PRC subsidiaries, except those listed below, for the six months ended 30 June 2022. The increase in PRC CIT is attributed to an one-off CIT of RMB315,140,000 (six months ended 30 June 2021: Nil) arising from the partial disposal of a subsidiary during the period. Refer to Note 18 for details.

11 INCOME TAX EXPENSES (Continued)

(a) PRC corporate income tax (“CIT”) (Continued)

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

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

(b) PRC land appreciation tax (“LAT”)

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

(c) Other corporate income tax

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

12 DIVIDENDS

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

13 EARNINGS/(LOSS) PER SHARE

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

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

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

14 TRADE RECEIVABLES

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

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

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

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

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

15 TRADE AND BILLS PAYABLES

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

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

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

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

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

16 OTHER PAYABLES AND ACCRUALS

	30 June	31 December
	2022	2021
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Accruals	1,120,163	998,629
Amounts due to associates	20,472	15,000
Refundable deposit received (<i>Note (a)</i>)	644,000	1,000,000
Consideration received for partial disposal of a subsidiary (<i>Note 18</i>)	–	1,000,000
Dividends payable to non-controlling interests	89,002	89,002
Other tax payables	216,035	149,113
Other payables	492,839	661,428
Payroll and welfare payables	114,788	266,674
Liability arising from financial guarantee contracts	3,789	6,359
Payables for purchase of property, plant and equipment	139,972	158,189
	2,841,060	4,344,394

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

Note:

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

Note: (Continued)

(a) (Continued)

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

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

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

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

17 BANK AND OTHER BORROWINGS

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

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

Bank and other borrowings are repayable as follows:

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

17 BANK AND OTHER BORROWINGS (Continued)

Notes:

- (a) Certain of the Group's bank and other borrowings are secured by:
- (i) All of the Group's equity interests in CHS and certain equity interest in Tianjin Heheng Investment Development Co., Ltd (天津合恆投資發展有限公司), subsidiaries of the Group.
 - (ii) 1,520,000,000 ordinary shares of the Company held by the ultimate holding company.
 - (iii) The Group's assets as disclosed in Note 22.

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

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

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

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

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

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

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

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

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

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

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

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

Notes:

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

18 PARTIAL DISPOSAL OF INTEREST IN A SUBSIDIARY WITHOUT LOSS OF CONTROL (Continued)

(b) Written put option liability

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

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

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

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

	<i>RMB'000</i>
As at 1 January (Audited)	–
Issuance of written put option	4,300,000
Unwinding discount	84,115
	<hr/>
As at 30 June (Unaudited)	4,384,115
	<hr/> <hr/>

19 DISCONTINUED OPERATION

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

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

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

19 DISCONTINUED OPERATION (Continued)

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

(a) Results of discontinued operation

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

19 DISCONTINUED OPERATION (Continued)

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

RMB'000

Net assets disposed of:

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

Gain on disposal of discontinued operation:

Consideration received and receivable	324,443
Net assets disposed of	(307,601)
Non-controlling interests	3,775
Release of exchange reserve upon disposal	11,552
Fair value of retained equity interests classified as investment in an associate	107,150
	<u>139,319</u>

Consideration:

Cash	173,977
Deferred Consideration	150,466
	<u>324,443</u>

Net cash inflow arising on disposal:

Cash received	173,977
Less: Bank balances and cash disposed of	(41,403)
	<u>132,574</u>

Net cash inflow

132,574

20 CONTINGENT LIABILITIES

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

(i) Mortgage facilities

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

Note:

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

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

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

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

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

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

- (iv) On 16 August 2019, it came to the attention of the Company that Mr. Ji was named a defendant in a proceeding involving claim for alleged overdue payments of approximately HKD1,466,000,000 (the “**Proceeding**”). No further information in respect of the Proceeding and the claim thereunder is available as at the date of these interim condensed consolidated financial 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 RMB100,466,000 (“**Loan**”). However, up to the date of these interim condensed 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.

21 COMMITMENTS

(i) Operating lease arrangement – the Group as lessor

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

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

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

(ii) Capital commitments

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

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

(iii) Other commitments

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

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

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

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

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

21 COMMITMENTS (Continued)

(iii) Other commitments (Continued)

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

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

22 PLEDGE OF ASSETS

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

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

23 EVENTS AFTER THE REPORTING PERIOD

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

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

BUSINESS REVIEW

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

(1) Property business

(a) Property sales

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

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

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

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

(b) Investment properties

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

	Address	Existing use	Term of contract	GFA (sq.m.)	Interest attributable to the Group
Nanjing					
Wonder City (虹悅城)	No. 619 Yingtian Da Jie, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	100,605	100%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and shopping mall	Medium-term covenant	85,338	100%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	2,704	100%
Liuhe Happy Plaza Project (六合歡樂廣場) (two floors)	No. 52-71 Longjinlu Liuhe District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	18,529	100%
Liuhe Happy Plaza Project (六合歡樂廣場) (certain units)	No. 52-71 Longjinlu Liuhe District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	1,628	100%
Nantong					
Nantong Youshan Meidi Garden Project (南通優山美地花園項目)	No. 1888, Xinghu Avenue, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building Project (匯通大廈項目)	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project (鎮江優山美地花園項目)	At the cross of Guyang North Road Commercial and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC		Medium-term covenant	10,085	100%

	Address	Existing use	Term of contract	GFA (sq.m.)	Interest attributable to the Group
Weihai					
Weihai Project (威海項目)	Block 1, No. 229, Rongshan Road, Commercial Chengshan, Rongcheng City, Weihai, Shandong Province, the PRC	Commercial	Medium-term covenant	6,472	100%
				266,698	

(c) Green building services and entrusted construction services

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

(2) Tourism business

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

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

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

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

(3) Investment and financial services business

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

(a) Listed equity investments held for trading

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

As at 30 June 2022

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

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.

As at 31 December 2021

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

Notes:

1. These companies are listed companies on the Stock Exchange
2. All of the shares held by the Group are ordinary shares of the relevant company.
3. During the year ended 31 December 2021, the Company completed disposal of entire interest in a subsidiary holding shares of Zall Group, hence as at 31 December 2021, the Group did not hold any shares of Zall Group.

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

(b) Other investments

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

(c) Investment and financial related consulting services

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

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

(4) Healthcare and education business and others

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

(5) New Energy segment

(a) Wind gear transmission equipment

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

(b) *Industrial gear transmission equipment*

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

(c) *Rail transportation gear transmission equipment*

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

(d) *Trading business*

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

FINANCIAL REVIEW

Revenue

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

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

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

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

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

Cost of sales and services

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

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

Gross profit and gross profit margin

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

Selling and distribution expenses

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

Administrative expenses

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

Research and development costs

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

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

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

Other income

Other income decreased by approximately RMB97,323,000, or 32%, from approximately RMB306,462,000 in the Corresponding Period of 2021 to approximately RMB209,139,000 for the Period Under Review. Other income for the Period Under Review mainly included bank and other interest income of approximately RMB98,104,000. Other income in the Corresponding Period of 2021 mainly included bank and other interest income of approximately RMB162,876,000 and dividend income of approximately 23,604,000.

Net fair value change in financial instruments

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

Finance costs

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

Share of result of joint ventures and associates

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

Income tax expense/credit

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

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

Profit for the Period Under Review

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

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

Cash position

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

Bank and other borrowings and corporate bonds

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

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

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

Leverage

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

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

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

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

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

PLEDGE OF ASSETS

Details of the Group's pledged assets as at 30 June 2022 are set out in note 22 to the interim condensed consolidated financial information disclosed in this announcement.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the Period Under Review, are set out in note 4 to the interim condensed consolidated financial information disclosed in this announcement.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 30 June 2022 are set out in note 21 to the interim condensed consolidated financial information disclosed in this announcement.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2022 are set out in note 20 to the interim condensed consolidated financial information disclosed in this announcement.

SUBSEQUENT EVENTS

As at 30 June 2022, details of the subsequent events of the Group are set out in note 23 to the interim condensed consolidated financial information disclosed in this announcement.

PROSPECT

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

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

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

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

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

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EMPLOYEES

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

CORPORATE GOVERNANCE CODE

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

Under the Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Period Under Review, the positions of chairman and chief executive officer (the "**CEO**") of the Company were held by Mr. Ji Changqun. Nevertheless, 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.

EXTRACT OF REVIEW REPORT

The following is an extract of the independent auditors' report on the Group's condensed interim consolidated financial statements in respect of qualified opinion arising from limitation of scope for the six months ended 30 June 2022:

Basis of qualified conclusion

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

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

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

Qualified conclusion

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

AUDIT COMMITTEE REVIEW

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 Period Under Review.

By Order of the Board
Fullshare Holdings Limited
JI CHANGQUN
Chairman

Hong Kong, 31 August 2022

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

* *For identification purposes only*