豐盛
FULLSHARE

Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

The board (the "**Board**") of directors (the "**Directors**") of Fullshare Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018 (the "**Year 2018**"), together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	**For the year ended 31 December 2018** ***RMB'000***	For the year ended 31 December 2017 *RMB'000*
Revenue	*3,4*	**10,288,651**	11,026,457
Cost of sales and services	*6*	**(8,320,984)**	(8,066,730)
Gross profit		**1,967,667**	2,959,727
Selling and distribution expenses	*6*	**(418,525)**	(544,894)
Administrative expenses	*6*	**(1,047,603)**	(1,282,631)
Research and development costs	*6*	**(347,707)**	(327,135)
Credit impairment losses on financial assets		**(161,281)**	–
Other income		**809,718**	510,589
Fair value changes in financial instruments	*5*	**(3,555,856)**	1,907,073
Other gains – net		**168,264**	402,341
Operating (loss)/profit		**(2,585,323)**	3,625,070
Finance costs	*7*	**(948,747)**	(731,051)
Share of result of joint ventures		**(22,327)**	152,950
Share of result of associates		**14,369**	65,922

	Notes	**For the year ended 31 December 2018** **RMB'000**	For the year ended 31 December 2017 RMB'000
(Loss)/profit before tax		**(3,542,028)**	3,112,891
Income tax credit/(expense)	*8*	**479,571**	(976,427)
(Loss)/profit for the year		**(3,062,457)**	2,136,464
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss:			
– Exchange differences on translation of foreign operations		**307,998**	(306,177)
– Changes in the fair value of debt instruments at fair value through other comprehensive income		**15,317**	–
– Share of other comprehensive loss of associates		**(54,535)**	–
– Changes in the fair value of available-for-sale investments		**–**	(338,549)
– Income tax relating to these items		**(3,829)**	85,689
Items that may not be reclassified to profit or loss:			
– Changes in the fair value of equity instruments at fair value through other comprehensive income		**(212,261)**	–
– Income tax relating to these items		**11,250**	–
Other comprehensive income/(loss) for the year, net of tax		**63,940**	(559,037)
Total comprehensive (loss)/income for the year		**(2,998,517)**	1,577,427
(Loss)/profit for the year attributable to:			
– The shareholders of the Company		**(3,029,954)**	2,267,453
– Non-controlling interests		**(32,503)**	(130,989)
		(3,062,457)	2,136,464
Total comprehensive (loss)/income for the year attributable to:			
– The shareholders of the Company		**(2,949,363)**	1,778,375
– Non-controlling interests		**(49,154)**	(200,948)
		(2,998,517)	1,577,427
(Loss)/earnings per share attributable to the shareholders of the Company			
Basic (loss)/earnings per share	*10*	**RMB(0.15)**	RMB0.11
Diluted (loss)/earnings per share	*10*	**RMB(0.15)**	RMB0.11

CONSOLIDATED BALANCE SHEET

As at 31 December 2018

	Notes	**31 December 2018** *RMB'000*	31 December 2017 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**5,311,773**	5,664,321
Investment properties		**4,103,960**	3,980,790
Prepaid land lease payments		**1,148,500**	1,161,142
Goodwill		**2,043,033**	2,047,674
Other intangible assets		**586,623**	677,707
Investments in joint ventures		**1,060,904**	1,967,578
Investments in associates		**1,741,240**	672,087
Financial assets at fair value through other comprehensive income	*12*	**3,536,398**	–
Financial assets at fair value through profit or loss	*11*	**980,867**	689,712
Available-for-sale investments	*12*	**–**	4,894,177
Loans receivables	*13*	**62,725**	399,000
Other financial assets at amortized cost	*13*	**967,255**	–
Other receivables	*13*	**127,381**	200,450
Prepayments		**35,659**	143,537
Deferred tax assets		**383,594**	294,954
		22,089,912	22,793,129
Current assets			
Inventories		**2,315,713**	2,419,827
Prepaid land lease payments		**24,438**	26,830
Trade receivables	*14*	**4,634,278**	4,755,094
Bills receivables	*14*	**–**	1,895,179
Consideration receivables	*13*	**342,480**	149,216
Loans receivables	*13*	**2,484,263**	2,926,751
Prepayments		**614,779**	823,608
Other receivables	*13*	**988,205**	987,866
Other financial assets at amortized cost	*13*	**205,861**	583,174
Tax prepaid		**88,155**	10,213
Financial assets at fair value through other comprehensive income	*12*	**1,368,456**	–
Financial assets at fair value through profit or loss	*11*	**6,371,646**	7,242,057
Structured bank deposits		**–**	110,000
Properties under development		**932,837**	929,653
Properties held for sale		**718,528**	438,885
Restricted cash		**2,939,170**	3,110,492
Cash and cash equivalents		**2,536,801**	5,221,679
Assets of disposal group classified as held-for-sale	*15*	**1,401,181**	–
		27,966,791	31,630,524
Total assets		**50,056,703**	54,423,653

	Notes	31 December 2018 RMB'000	31 December 2017 RMB'000
LIABILITIES			
Non-current liabilities			
Corporate bonds	*19*	**2,420,085**	1,919,988
Bank and other borrowings	*18*	**3,444,312**	3,363,646
Deferred tax liabilities		**1,528,033**	2,119,643
Warranty provision		**72,528**	-
Deferred income		**65,752**	85,658
		7,530,710	7,488,935
Current liabilities			
Trade and bills payables	*16*	**6,519,944**	6,814,951
Other payables and accruals	*17*	**3,177,494**	2,203,367
Contract liabilities	*4*	**413,432**	–
Receipts in advance and deposits received	*4*	**–**	971,666
Bank and other borrowings	*18*	**7,020,106**	8,688,795
Taxation payables		**833,814**	829,316
Warranty provision		**90,373**	120,664
Derivative financial instruments		**–**	95,489
Deferred income		**28,494**	6,771
Liabilities of disposal group classified as held-for-sale	*15*	**541,799**	–
		18,625,456	19,731,019
Total liabilities		**26,156,166**	27,219,954
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital		**161,084**	161,084
Reserves		**20,534,416**	23,830,352
		20,695,500	23,991,436
Non-controlling interests		**3,205,037**	3,212,263
Total equity		**23,900,537**	27,203,699
Total liabilities and equity		**50,056,703**	54,423,653

1. GENERAL INFORMATION

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 addresses of its registered office and principal place of business are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Unit 10-12, Level 43, Champion Tower, Three Garden Road, Central, Hong Kong with effect from 17 December 2018. 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 service;
- Tourism – tourist goods and 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; rendering the investment and financial related consulting services;
- Healthcare and education and others – healthcare and education products and services and other products; and
- New energy – manufacture and sale of gear products.

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

The financial statements are presented in thousands of Renminbi ("**RMB'000**") unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") and disclosure requirements of Hong Kong Companies Ordinance Cap. 622 ("**HKCO**").

(ii) Historical cost convention

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and investment properties measured at fair value.

(iii) New and amended standards adopted by the Group

A number of new or revised standards, amendments and interpretations to existing standards are mandatory for the financial year beginning on 1 January 2018:

- *HKFRS 9 – Financial instruments* ("**HKFRS 9**")
- *HKFRS 15 – Revenue from contracts with customers* ("**HKFRS 15**")
- *Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions*
- *Amendments to HKFRS 4 – Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
- *Annual improvements 2014 – 2016 cycle*
- *Amendments to HKFRS 40 – Transfers of investment Property, and*
- *HK(IFRIC) 22 Foreign Currency Transactions and Advance Consideration.*

The effects of the adoption of HKFRS 9 and HKFRS 15 are disclosed in note 2.2. The other standards, amendments and interpretations described above are either currently not relevant to the Group or had no material impact on the Group's financial performance and position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) New standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the financial year beginning 1 January 2018 and have not been early adopted by the Group.

Standards, amendments and interpretations		**Effective for annual periods beginning on or after**
HKFRS 16	Leases	1 January 2019
HK (IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
Amendment to HKFRS 9	Prepayment features with negative compensation	1 January 2019
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual improvements to HKFRS	2015-2017 cycle (HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23)	1 January 2019
Amendments to HKAS 19	Plan amendment, curtailment or settlement	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKRFS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new standards, amendments or interpretations, certain of which are relevant to the Group's operation. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and position of the Group is expected when they become effective with the exception of HKFRS 16.

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(iv) New standards and interpretations not yet adopted (Continued)

The Group is the lessee of certain buildings which are currently classified as operating lease. The standard will affect primarily the accounting for the Group's operating leases. As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB327,288,000 as disclosed in note 21, which approximately RMB48,477,000 relate to short-term leases and low value leases which will both be recognized on a straight-line basis as expense in profit or loss. For the remaining lease commitments the Group expects to recognize right-of-use assets and lease liabilities of amount not greater than RMB245,000,000. The Group will apply the standard from its mandatory adoption date of 1 January 2019.

The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

2.2 Changes in accounting polices

This note explains the impact of the adoption of HKFRS 9 and HKFRS 15 on the Group's financial statements.

2.2.1 Impact on the financial statements

The Group has elected to apply the practical expedients and the modified retrospective approach permitted under HKFRS 9 and HKFRS 15 respectively. The effects of adopting HKFRS 15 for uncompleted contracts with customers as at 31 December 2017 are adjusted at the opening balance of equity as at 1 January 2018 and prior period comparatives are not restated. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated. Consequently, any adjustments to carrying amounts of financial assets or liabilities are recognized at the beginning of the current reporting period, with the difference recognized in opening retained earnings.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting polices (Continued)

2.2.1 Impact on the financial statements (Continued)

The following tables show the adjustments recognized for each financial statements line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

Consolidated balance sheet (extract)	*Notes*	**31 December 2017** *RMB'000*	**HKFRS 9** *RMB'000*	**HKFRS 15** *RMB'000*	**1 January 2018 restated** *RMB'000*
Non-current assets					
Available-for-sale investments	*2.2.2(i)*	4,894,177	(4,894,177)	–	–
Financial assets at fair value through profit or loss (FVPL)	*2.2.2(i)*	689,712	1,458,555	–	2,148,267
Loans receivables	*2.2.2*	399,000	(491)	–	398,509
Financial assets at fair value through other comprehensive income (FVOCI)	*2.2.2(i)*	–	3,496,159	–	3,496,159
Other receivables	*2.2.2*	200,450	(311)	–	200,139
Deferred tax assets		294,954	58,920	–	353,874
Current assets					
Financial assets at fair value through profit or loss	*2.2.2(i)*	7,242,057	110,000	–	7,352,057
Financial assets at fair value through other comprehensive income	*2.2.2(i)*	–	1,863,434	–	1,863,434
Consideration receivables	*2.2.2*	149,216	(3,070)	–	146,146
Loans receivables	*2.2.2*	2,926,751	(106,421)	–	2,820,330
Other receivables	*2.2.2*	987,866	(2,839)	–	985,027
Trade receivables	*2.2.2*	4,755,094	(69,029)	–	4,686,065
Other financial assets at amortized cost	*2.2.2*	583,174	–	–	583,174
Bills receivables	*2.2.2(i)*	1,895,179	(1,895,179)	–	–
Structured bank deposits	*2.2.2(i)*	110,000	(110,000)	–	–
Total assets		54,423,653	(94,449)	–	54,329,204
Non-current liabilities					
Deferred tax liabilities		2,119,643	25,900	–	2,145,543
Current liabilities					
Receipts in advance and deposits received	*2.2.3*	971,666	–	(971,666)	–
Contract liabilities	*2.2.3*	–	–	971,666	971,666
Total liabilities		27,219,954	25,900	–	27,245,854
Equity					
Retained earnings	*2.2.2*	6,468,134	(122,947)	–	6,345,187
Investment revaluation reserve	*2.2.2(i)*	(20,504)	8,628	–	(11,876)
Non-controlling interests	*2.2.2(i)*	3,212,263	(6,030)	–	3,206,233
Total equity		27,203,699	(120,349)	–	27,083,350

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting polices (Continued)

2.2.2 HKFRS 9 – Impact of adoption

HKFRS 9 replaces the provisions of HKAS 39 Financial Instruments ("**HKAS 39**") that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 *Financial Instruments – Disclosures*.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the consolidated financial statements.

The total impact on the Group's opening retained earnings due to the adoption of HKFRS 9 as at 1 January 2018 is as follows:

	Notes	*RMB'000*
Opening retained earnings – HKAS 39		6,468,134
Reclassify and remeasure available-for-sale investments to FVPL	*2.2.2(i)*	9,056
Increase in provision for trade receivables		(69,029)
Increase in provision for other receivables		(3,150)
Increase in provision for loans receivables		(106,912)
Increase in provision for consideration receivables		(3,070)
Increase in deferred tax assets in relation to impairment provisions		40,220
Increase in deferred tax liabilities in relation to remeasurement		(2,264)
Attributable to non-controlling interests		12,202
Adjustments to opening retained earnings from the adoption of HKFRS 9 on 1 January 2018		(122,947)
Opening retained earnings – HKFRS 9		6,345,187

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting polices (Continued)

2.2.2 HKFRS 9 – Impact of adoption (Continued)

(i) Classification and measurement

HKFRS 9 categorizes financial assets into three principal classification categories: measured at amortized cost, FVOCI and FVPL. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale investments and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has reclassified and remeasured its financial instruments into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification and remeasurement are as follows:

	Notes	FVPL (2017:Financial assets held for trading and financial assets designated at FVPL)	FVOCI (2017: Available-for-sale)	Amortized cost (2017: Receivables)
		RMB'000	*RMB'000*	*RMB'000*
Closing balance at 31 December 2017 – HKAS 39		7,931,769	4,894,177	12,006,730
Reclassify and remeasure available-for-sale investments to FVPL	*(a)*	1,458,555	(1,449,499)	–
Reclassify and remeasure available-for-sale investments to FVOCI	*(b)*	–	51,481	–
Reclassify structured bank deposits to FVPL	*(c)*	110,000	–	(110,000)
Reclassify and remeasure bills receivables to FVOCI	*(d)*	–	1,863,434	(1,895,179)
Opening balance at 1 January 2018 – HKFRS 9*		9,500,324	5,359,593	10,001,551

* Before adjustment for impairment assessment according to HKFRS 9

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting polices (Continued)

2.2.2 HKFRS 9 – Impact of adoption (Continued)

(i) Classification and measurement (Continued)

The impact of these changes on the Group's equity at I January 2018 is as follows:

	Notes	Effect on investment revaluation reserve RMB'000	Effect on retained earnings RMB'000	Effect on non-controlling interests RMB'000
Closing balance at 31 December 2017 – HKAS 39		(20,504)	6,468,134	3,212,263
Remeasure available-for-sale investments to FVPL	*(a)*	–	5,020	1,772
Remeasure available-for-sale investments to FVOCI	*(b)*	26,225	–	12,384
Remeasure bills receivables to FVOCI	*(d)*	(17,597)	–	(6,212)
Opening balance at 1 January 2018 – HKFRS 9		(11,876)	6,473,154	3,220,207

(a) Reclassification and remeasurement from available-for-sale investments to FVPL

Certain investments in equity securities were reclassified and remeasured from available-for-sale investments to financial assets at FVPL. They do not meet the HKFRS 9 criteria for classification at amortized cost, because their cash flows do not represent solely payments of principal and interest, and the Group didn't make an irrevocable election at the time of initial recognition to account for these equity investments at FVOCI.

(b) Reclassification and remeasurement from available-for-sale investments to FVOCI

The Group elected to present in OCI changes in the fair value of certain equity investments previously classified as available-for-sale investments, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting polices (Continued)

2.2.2 HKFRS 9 – Impact of adoption (Continued)

(i) Classification and measurement (Continued)

(c) Reclassification from structured bank deposits to FVPL

Financial instruments placed to various banks in the People's Republic of China ("PRC") for a term within one year were reclassified from structured bank deposits to FVPL. Considering the principal-protected nature and short maturity of such deposits, the fair value change is minimal on 1 January 2018.

(d) Reclassification and remeasurement from bills receivables to FVOCI

Bills receivables were reclassified and remeasured from receivables to FVOCI, because the Group manages the overall return on the bills receivables by both holding and selling the assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting polices (Continued)

2.2.2 HKFRS 9 – Impact of adoption (Continued)

(ii) Summary of reclassification and remeasurement of financial assets on adoption of HKFRS 9

On the date of initial application, 1 January 2018, the financial instruments of the Group were as follows, with any reclassifications and remeasurements noted:

	Measurement category		**Carrying amount**		
	Original (HKAS 39)	**New (HKFRS 9)**	**Original** *RMB'000*	**New** *RMB'000*	**Difference*** *RMB'000*
Non-current financial assets					
Equity securities investments	Available-for-sale	FVOCI	3,444,678	3,496,159	(51,481)
Equity securities investments	Available-for-sale	FVPL	1,449,499	1,458,555	(9,056)
Loans receivables	Amortized cost	Amortized cost	399,000	398,509	491
Other receivables	Amortized cost	Amortized cost	200,450	200,139	311
Current financial assets					
Trade receivables	Amortized cost	Amortized cost	4,755,094	4,686,065	69,029
Bills receivables	Amortized cost	FVOCI	1,895,179	1,863,434	31,745
Structured bank deposits	Amortized cost	FVPL	110,000	110,000	–
Consideration receivables	Amortized cost	Amortized cost	149,216	146,146	3,070
Loans receivables	Amortized cost	Amortized cost	2,926,751	2,820,330	106,421
Other receivables	Amortized cost	Amortized cost	987,866	985,027	2,839

* The differences noted in this column are the result of applying the new expected credit loss model and remeasurement of several financial assets. The Group was required to revise its impairment methodology under HKFRS 9 for relevant financial assets. The impact of change in impairment methodology on the Group's retained earnings and equity is disclosed in the tables above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting polices (Continued)

2.2.3 HKFRS 15 – Impact of adoption

HKFRS 15 replaces the provisions of HKAS 18 *Revenue* ("**HKAS 18**") and HKAS 11 *Construction contracts* ("**HKAS 11**") that relate to the recognition, classification and measurement of revenue and costs.

The adoption of HKFRS 15 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. The following adjustments were made to the amounts recognized in the consolidated balance sheet at the date of initial application (1 January 2018):

	31 December 2017	**Reclassifications under HKFRS 15**	**1 January 2018 restated**
	RMB'000	***RMB'000***	***RMB'000***
Receipts in advance and deposits received	971,666	(971,666)	–
Contract liabilities	–	971,666	971,666

HKFRS 15 requires that revenue from contract with customers be recognized upon transfer of control over goods and services to the customer. As such, upon adoption, this requirement under HKFRS 15 resulted in immaterial impact to the financial statements as the timing of revenue recognition on sale of goods and services is unchanged and the amounts of other categories of revenue is insignificant. Moreover, costs directly attributable to obtaining a contract such as stamp duty and sales commission are immaterial and expensed when they are incurred. Thus, other than certain reclassification of contract liabilities in respect of receipts in advance and deposits received, there was no material impact on the Group's consolidated balance sheet as of 1 January 2018.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized 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 service;

- Tourism – tourist goods and 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; rendering the investment and financial related consulting services;

- Healthcare, education and others – healthcare and education products and services and other products; and

- New energy – manufacture and sale of gear products.

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.

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

Segment liabilities exclude taxation payables, bank and other borrowings, deferred tax liabilities, corporate bonds and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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

3. OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2018					
	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	**773,549**	**628,930**	**10,926**	**366,224**	**8,509,022**	**10,288,651**
Fair value changes in financial instruments	**–**	**–**	**(3,555,856)**	**–**	**–**	**(3,555,856)**
Segment results	**468,228**	**(50,562)**	**(3,220,116)**	**(47,193)**	**232,495**	**(2,617,148)**
Reconciliation:						
Unallocated bank interest income						**151,896**
Gain on a bargain purchase in acquisition of subsidiaries						**7,667**
Gain on disposal of subsidiaries						**95,476**
Loss on disposal of associates						**(583)**
Gain on disposal of a joint venture						**248**
Unallocated income and losses						**(28,910)**
Corporate and other unallocated expenses						**(201,927)**
Finance costs *(note 7)*						**(948,747)**
Loss before tax						**(3,542,028)**
Segment assets	**8,658,596**	**982,663**	**13,067,845**	**777,102**	**20,154,380**	**43,640,586**
Reconciliation:						
Corporate and other unallocated assets						**6,416,117**
Total assets						**50,056,703**
Segment liabilities	**1,307,747**	**110,038**	**23,160**	**24,833**	**8,284,839**	**9,750,617**
Reconciliation:						
Corporate and other unallocated liabilities						**16,405,549**
Total liabilities						**26,156,166**

3. OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2018						
	Properties	Tourism	Investment and financial services	Healthcare, education and others	New energy	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information:							
Share of result of joint ventures	**(50,478)**	**23,412**	**–**	**–**	**4,739**	**–**	**(22,327)**
Share of result of associates	**61,940**	**122**	**–**	**(55,738)**	**8,045**	**–**	**14,369**
Impairment losses recognized in profit or loss	**10,087**	**1,431**	**41,044**	**307**	**62,116**	**76,528**	**191,513**
Depreciation and amortization	**2,184**	**23,587**	**31,894**	**8,059**	**626,136**	**863**	**692,723**
Investments in joint ventures	**778,702**	**–**	**–**	**–**	**282,202**	**–**	**1,060,904**
Investments in associates	**1,289,054**	**20,122**	**–**	**218,885**	**213,179**	**–**	**1,741,240**
Capital expenditure*	**190,940**	**9,997**	**12,431**	**8,733**	**717,351**	**5**	**939,457**

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and other intangible assets including assets from acquisition of subsidiaries.

3. OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2017					
	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	2,007,216	167,453	49,049	560,825	8,241,914	11,026,457
Fair value changes in financial instruments	–	–	1,907,073	–	–	1,907,073
Segment results	1,404,242	48,334	2,202,884	(256,377)	250,723	3,649,806
Reconciliation:						
Unallocated bank interest income						120,779
Gain on disposal of subsidiaries						364,534
Gain on a bargain purchase in acquisition of subsidiaries						38,038
Loss on disposal of associates						(128,151)
Unallocated income and losses						(94,436)
Corporate and other unallocated expenses						(106,628)
Finance costs (note 7)						(731,051)
Profit before tax						3,112,891
Segment assets	6,669,619	1,783,039	16,504,495	857,982	19,687,767	45,502,902
Reconciliation:						
Corporate and other unallocated assets						8,920,751
Total assets						54,423,653
Segment liabilities	1,470,987	33,991	312,224	41,535	8,372,569	10,231,306
Reconciliation:						
Corporate and other unallocated liabilities						16,988,648
Total liabilities						27,219,954

3. OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2017						
	Properties *RMB'000*	Tourism *RMB'000*	Investment and financial services *RMB'000*	Healthcare, education and others *RMB'000*	New energy *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Other segment information:							
Share of result of joint ventures	(1,530)	80,319	–	–	74,161	–	152,950
Share of result of associates	62,961	–	–	(2,176)	5,137	–	65,922
Impairment losses recognized in profit or loss	–	–	–	143,938	411,138	–	555,076
Depreciation and amortization	3,022	15,496	1,950	33,638	718,292	18,783	791,181
Investments in joint ventures	888,280	979,340	–	–	99,958	–	1,967,578
Investments in associates	181,420	20,000	–	312,653	158,014	–	672,087
Capital expenditure*	2,105	11,373	14	56,673	1,428,907	496	1,499,568

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and other intangible assets including assets from acquisition of subsidiaries.

(i) Revenue from external customers

	For the year ended 31 December 2018 ***RMB'000***	For the year ended 31 December 2017 *RMB'000*
PRC	**7,057,993**	8,025,141
United States of America	**1,807,691**	1,932,173
Europe	**459,020**	364,977
Australia	**427,277**	369,175
Other countries	**536,670**	334,991
	10,288,651	11,026,457

The revenue information above is based on the locations of the customers.

3. OPERATING SEGMENT INFORMATION (Continued)

(ii) Non-current assets

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
PRC	**11,973,304**	12,398,540
Australia	**1,072,937**	1,078,584
United States of America	**159,705**	155,342
Other countries	**23,602**	42,705
	13,229,548	13,675,171

The non-current asset information above is based on the locations of the assets and excludes financial instruments, deferred tax assets and investments in joint ventures and associates.

(iii) Information about major customer

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

	For the year ended 31 December 2018	For the year ended 31 December 2017
	RMB'000	*RMB'000*
Customer A*	**3,001,454**	2,603,785
Customer B*	**1,051,823**	N/A

* Revenue from sale of wind gear transmission equipment in the new energy segment.

4. DISAGGREGATION OF REVENUE

(i) Revenue from contracts with customers

The Group derives following major types of revenue in each segment:

	For the year ended 31 December 2018	For the year ended 31 December 2017
	RMB'000	*RMB'000*
Included in properties segment:		
– Property development and sales	**482,025**	1,704,330
– Gross rental income	**221,296**	173,361
– Construction services	**70,228**	129,525
	773,549	2,007,216
Included in tourism segment:		
– Hotel operations	**182,521**	167,453
– Sales of tourist goods and services	**446,409**	–
	628,930	167,453
Included in new energy segment:		
– Sale of gear products	**8,509,022**	8,241,914
Included in investment and financial services segment:		
– Investment and financial consulting services	**10,926**	49,049
Included in healthcare, education and others segment:		
– Education services	**247,095**	202,190
– Healthcare products and other services	**119,129**	358,635
	366,224	560,825
	10,288,651	11,026,457

4. DISAGGREGATION OF REVENUE (Continued)

(ii) Liabilities related to contracts with customers

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

	31 December 2018 *RMB'000*	1 January 2018 *(note 2.2.3)* *RMB'000*
Contract liabilities related to		
– Property development and sales	**89,994**	414,068
– Sale of gear products	**302,533**	542,429
– Others	**20,905**	15,169
	413,432	971,666

(a) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	For the year ended 31 December 2018 ***RMB'000***
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	
– Property development and sales	**372,087**
– Sale of gear products	**450,216**
– Others	**15,169**
	837,472

4. DISAGGREGATION OF REVENUE (Continued)

(ii) Liabilities related to contracts with customers (Continued)

(b) Contracted amounts to be recognized in future

The following table shows the contracted amounts to be recognized in future:

	31 December 2018 *RMB'000*
Expected to be recognized within one year	**635,230**

5. FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

	For the year ended 31 December 2018 *RMB'000*	For the year ended 31 December 2017 *RMB'000*
Fair value change in other financial assets at fair value through profit or loss *(i)*	**(3,521,358)**	2,075,665
Fair value change in derivative financial instruments	**(34,498)**	(125,829)
Fair value change in financial assets designated as at fair value through profit or loss	**–**	(45,506)
Fair value change in derivative components of convertible bonds	**–**	2,743
	(3,555,856)	1,907,073

(i) The fair value change mainly derived from listed equity investments, The Group recorded a significant fair value loss in year 2018 due to the price decrease of approximately 949,224,000 shares of Zall Smart Commence Group Ltd. ("**Zall Group**") held by the Group.

6. EXPENSES BY NATURE

	For the year ended 31 December 2018 *RMB'000*	For the year ended 31 December 2017 *RMB'000*
Employee benefit expense		
Directors' remuneration		
– Fees	**1,849**	1,872
– Salaries and allowances and benefit in kind	**4,796**	7,664
– Pension scheme contribution	**118**	174
	6,763	9,710
Other staff costs		
– Salaries and other benefit	**1,543,649**	1,589,199
– Pension scheme contribution	**190,878**	173,397
Cost of inventories sold	**6,271,102**	4,973,734
Depreciation of property, plant and equipment	**606,774**	668,403
Cost of properties sold	**271,721**	930,547
Advertising expense	**223,943**	166,761
Office expense	**90,645**	106,946
Amortisation of other intangible assets	**85,949**	122,778
Amortisation of prepaid land lease payments	**32,374**	28,753
Inventory write down to net realizable value	**30,064**	118,757
Audit fee	**7,500**	7,970
Impairment loss on prepayments	**–**	85,664
Impairment loss on trade and other receivables	**–**	107,841
Other tax expense	**49,691**	54,499
Others	**723,766**	1,076,431
	10,134,819	10,221,390
Representing:		
Cost of sales and services	**8,320,984**	8,066,730
Selling and distribution expenses	**418,525**	544,894
Administrative expenses	**1,047,603**	1,282,631
Research and development costs	**347,707**	327,135
	10,134,819	10,221,390

7. FINANCE COSTS

	For the year ended 31 December 2018 *RMB'000*	For the year ended 31 December 2017 *RMB'000*
Financial costs		
– Bank and other borrowings	**808,055**	660,837
– Interest on corporate bonds *(note 19)*	**164,979**	77,341
– Interest on convertible bonds	**–**	1,414
– Interest on finance leases	**–**	163
Less: interest capitalised	**(24,287)**	(8,704)
	948,747	731,051

8. INCOME TAX (CREDIT)/EXPENSE

The Group calculates the income tax (credit)/expense for the year using the tax rates prevailing in the jurisdictions in which the Group operates.

	For the year ended 31 December 2018 *RMB'000*	For the year ended 31 December 2017 *RMB'000*
Current tax – charge for the year		
– Mainland China	**154,632**	642,798
– Hong Kong	**5,336**	47,625
– Australia	**1,477**	–
– Singapore	**591**	–
Deferred tax	**(641,607)**	286,004
	(479,571)	976,427

8. INCOME TAX (CREDIT)/EXPENSE (Continued)

PRC corporate income tax ("CIT")

PRC CIT has been provided at the rate of 25% (2017: 25%) on the taxable profits of the Group's Mainland China subsidiaries, except those listed below, for the year ended 31 December 2018.

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

Name of company	Year end during which approval was obtained	Year ending during which approval will expire
Nanjing High Speed Gear Manufacturing Co., Ltd.	31 December 2017	31 December 2019
Nanjing High Speed & Accurate Gear (Group) Co., Ltd.	31 December 2017	31 December 2019
Nanjing High Accurate Rail Transportation Equipment Co., Ltd.	31 December 2017	31 December 2019
Jiangsu Green Capital Construction Design Institute Co., Ltd.	31 December 2017	31 December 2019

PRC land appreciation tax ("LAT")

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

Enterprises incorporated in other places other than the Mainland China are subject to income tax rates of 16.5% to 30% prevailing in the places in which these enterprises operated for the year ended 31 December 2018 (2017: 16.5% to 30%).

9. DIVIDENDS

	For the year ended 31 December 2018 *RMB'000*	For the year ended 31 December 2017 *RMB'000*
Proposed final dividend - nil (2017: RMB 1.5 cents) per ordinary share	**–**	295,936

The final dividend of RMB295,936,000 in respect of the year ended 31 December 2017 was proposed by the Board of Directors on 29 March 2018, and subsequently approved at the annual general meeting on 25 May 2018 and recognized as distribution during the year ended 31 December 2018.

The Board of Directors has resolved not to declare a final dividend for the year ended 31 December 2018.

10. (LOSS)/EARNINGS PER SHARE

(i) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31 December 2018 *RMB'000*	For the year ended 31 December 2017 *RMB'000*
(Loss)/profit attributable to the shareholders of the Company	**(3,029,954)**	2,267,453
Weighted average number of ordinary shares in issue*	**19,728,331,673**	19,729,061,731
(Loss)/earnings per share	**RMB (0.15)**	RMB0.11

* For the year ended 31 December 2018, weighted average number of ordinary shares in issue was adjusted for the acquisition of shares by trustee for the Group's share award scheme.

10. (LOSS)/EARNINGS PER SHARE (Continued)

(ii) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the year ended 31 December 2017, the Company had one category of dilutive potential ordinary shares: convertible bonds. The convertible bonds are assumed to have been converted into ordinary shares. All the outstanding convertible bonds have been redeemed by 31 December 2017.

	For the year ended 31 December 2018	For the year ended 31 December 2017
	RMB'000	*RMB'000*
(Loss)/profit attributable to the shareholders of the Company	**(3,029,954)**	2,267,453
Interest on convertible bonds	**–**	1,414
Fair value change on the derivative component of the convertible bonds	**–**	(2,743)
(Loss)/profit used to determine diluted (loss) earnings per share	**(3,029,954)**	2,266,124
Weighted average number of ordinary shares in issue	**19,728,331,673**	19,729,061,731
Adjustment for:		
Effect of dilution – weighted average number of ordinary shares:	**–**	5,303,096
Adjusted weighted average number of ordinary shares for diluted (loss)/earnings per share	**19,728,331,673**	19,734,364,827
Diluted (loss)/earnings per share	**RMB(0.15)**	RMB0.11

For the year ended 31 December 2018, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as their exercise would result in a decrease in loss per share.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at fair value through profit or loss

Financial assets at FVPL comprise:

- Equity investments that are held for trading,
- Equity investments for which the Group has not elected to recognize fair value gains and losses through OCI, and
- Other non-equity investments that do not qualify for measurement at either amortized cost or FVOCI.

(ii) Summary of financial assets measured at FVPL

	Notes	**31 December 2018** ***RMB'000***	31 December 2017 *RMB'000*
Non-Current assets			
Contractual right in relation to a listed entity	*(a)*	**–**	493,699
Convertible bonds	*(b)*	**–**	196,013
Unlisted equity investment		**462,265**	–
Derivative financial instrument	*(c)*	**518,602**	–
		980,867	689,712
Current assets			
Listed equity investments	*(d)*	**3,860,433**	7,242,057
Unlisted equity investments		**10,315**	–
Contractual right in relation to a listed entity	*(a)*	**503,620**	–
Trade receivables measured at FVPL	*(e)*	**551,057**	–
Debt investment		**485,071**	–
Structured bank deposits	*(f)*	**961,150**	–
		6,371,646	7,242,057

(a) On 12 August 2016, the Group entered into an agreement with Xizang Ruihua Capital Management Co., Ltd.（西藏瑞華投資管理有限公司）("**Xizang Ruihua**") and Jiangsu Ruihua Investment Holdings Group Co., Ltd.（江蘇瑞華投資控股集團有限公司）to acquire certain income right of the restricted shares of Bohai Leasing Co., Ltd.（渤海租賃股份有限公司, 000415.SZSE）, an entity listed on The Shenzhen Stock Exchange ("**SZSE**"), formerly known as Bohai Jinkong Investment Group Co., Ltd.（渤海金控投資股份有限公司, 000415.SZSE) held by Xizang Ruihua. The investment was designated on initial recognition to be measured at fair value and was revalued on 31 December 2018 based on valuations performed by Avista Valuation Advisory Limited, an independent professionally qualified valuer, at RMB503,620,000 (2017: RMB493,699,000). During the year ended 31 December 2018, the unrealised gain arising from holding this investment amounted to approximately RMB9,921,000 (2017: unrealised gain of RMB32,652,000) was recorded and included in the fair value change in financial instruments.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(ii) Summary of financial assets measured at FVPL (Continued)

(b) On 25 January 2017, the Group entered into an agreement with GF Capital (Hong Kong) Limited（廣發融資（香港）有限公司）, the convertible bond agent of Automated System Holdings Limited（自動系統集團有限公司, 00771.SEHK) to acquire the zero-interest convertible bonds of Automated System Holdings Limited with a principal amount of HK$250,000,000 at a cash consideration of HK$250,000,000 (equivalent to RMB221,730,000). The bonds are zero-interest and mature on 24 January 2020. The investment was designated on initial recognition to be measured at fair value and was revalued on 31 December 2017 based on valuations performed by APAC Asset Valuation and Consulting Limited, an independent professionally qualified valuer, at HK$235,000,000 (equivalent to RMB196,013,000). During the year ended 31 December 2017, the unrealised loss arising from holding this investment amounted to approximately HK$15,000,000 (equivalent to RMB12,854,000) was recorded and included in the fair value change in financial instruments. During the year ended 31 December 2018, the Group disposed of the convertible bond at a consideration of HK$270,000,000, equivalent to RMB226,986,000.

(c) On 31 August 2017, the Group entered into a limited partnership agreement with Ningbo Zhongbang Chanrong Holding Co., Ltd. ("**Ningbo Zhongbang**") and Ningbo Jingbang Asset Management Co., Ltd. in respect of the establishment of an investment fund in the PRC named Shanghai Guiman Enterprise Management L.P. ("**Guiman Fund**"). The Group is a limited partner and has invested RMB500,000,000 in Guiman Fund. As mentioned in the investment agreement, the Group would not bear any losses of Guiman Fund and was guaranteed with an annualised return rate no less than 9% during the 3-year investment period.

The separate derivative derived from the investment in Guiman Fund was measured at FVPL and classified as non-current assets because the investment income would be guaranteed by the other limited partner Ningbo Zhongbang due to the net liabilities position of Guiman Fund as at 31 December 2018.

(d) The balances as at 31 December 2018 and 2017 represent the fair values of equity shares of a portfolio of Hong Kong listed securities based on the closing prices of these securities quoted on the SEHK on that date. The Directors of the Company consider that the closing prices of these securities are the fair values of the investments.

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Zall Group (02098.SEHK)	**3,542,707**	6,761,509
C&D International Investment Group Limited (01908.SEHK)	**234,646**	345,317
China Saite Group Company Limited (00153.SEHK)	**66,219**	95,194
Medicskin Holdings Limited (08307.SEHK)	**16,861**	40,037
	3,860,433	7,242,057

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

(ii) Summary of financial assets measured at FVPL (Continued)

(e) Trade receivables measured at FVPL

At 30 September 2018, the Group entered into a supplier factoring agreement with a bank to sell all of its eligible trade receivables under certain customers and all right, title, interest and benefit the Group has in each such eligible trade receivables on a non-recourse basis without the need for any further action or documentation on the part of the Group or the bank, at a cost of discount calculated based on the base rate and number of days for early payment as specified in the agreement.

At 31 December 2018, such trade receivables for solely selling purpose amounting to RMB551,057,000 were classified as financial assets at FVPL. For the year ended 31 December 2018, fair value change of RMB7,243,000 for trade receivables measured at FVPL is recognized in "other gains – net".

(f) Structured bank deposits

At 31 December 2018, structured bank deposits of RMB961,150,000 (2017: RMB110,000,000) represented financial instruments placed by the Group to banks in the PRC for a term within one year. The contract guarantees principal and proceeds are related to the performance of the three-month LIBOR USD rate on the international market. Parts of the structured bank deposits amounted to RMB276,717,000 were redeemed subsequent to the end of the reporting period.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at FVOCI comprise:

- Equity investments which are not held for trading, and the Group has irrevocably elected at initial recognition to recognize in this category. These are strategic investments and the Group considers this classification to be more relevant.

- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial asset.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

(ii) Summary of financial assets measured at FVOCI

	Notes	**31 December 2018** *RMB'000*	31 December 2017 *RMB'000*
Non-Current assets			
Listed equity investments	*(a)*	**572,770**	–
Unlisted equity investments	*(b)*	**2,963,628**	–
		3,536,398	–
Current assets			
Bills receivables	*(c)*	**1,365,791**	–
Unlisted equity investment		**2,665**	–
		1,368,456	–

(a) On 31 December 2018, the balance includes the Group's investments in 50,093,000 H shares of Guodian Technology & Environment Group Corporation Limited（國電科技環保集團股份有限公司）amounting to RMB12,298,000 (2017: RMB22,110,000), the investment in 16,962,000 shares of Riyue Heavy Industry Co., Ltd.（日月重工股份有限公司）amounting to RMB280,209,000 (2017: RMB380,794,000), and the investment in Class A ordinary shares, Class B ordinary shares and American Depository Shares of Tuniu Corporation ("**Tuniu**") (TOUR. O.NASDAQ) amounting to RMB280,263,000 (2017: RMB153,733,000).

(b) On 17 April 2017, the Group entered into a limited partnership agreement with thirty-four other partners in respect of the establishment of an investment fund in the PRC named Zhejiang Zheshang Chanrong Equity Investment Fund L.P.（浙江浙商產融股權投資基金合夥企業（有限合夥））(the "**Zheshang Fund**") and the subscription of interest therein. Pursuant to the limited partnership agreement, the full registered capital contribution to the investment fund is RMB65,910,000,000, among which, RMB2,000,000,000 was contributed by the Group as a limited partner. As at 31 December 2017, RMB2,000,000,000 had been paid up by the Group to the investment fund. The investment in Zheshang Fund had a fair value gain of RMB48,879,000 recognized in OCI for the year ended 31 December 2018 (2017: nil).

The remaining amount includes the unlisted equity investments with individual amount less than RMB500,000,000 and are held by the Group as non-current assets.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Continued)

(ii) Summary of financial assets measured at FVOCI (Continued)

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

(iii) Financial assets previously classified as available-for-sale investments

	31 December 2017 *RMB'000*
Non-Current assets	
Listed equity investments	590,393
Unlisted equity investments	4,303,784
	4,894,177

(iv) Financial assets previously classified as bills receivables measured at amortized cost

	31 December 2017 *RMB'000*
Bills receivables	1,895,179

13. FINANCIAL ASSETS AT AMORTIZED COST (EXCLUDING TRADE RECEIVABLES)

(i) Loans receivables

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Loan to related party (a)	**28,000**	–
Loans to third parties (b) – (h)	**2,635,975**	3,325,751
Less: impairment provision	**(116,987)**	–
	2,546,988	3,325,751
For reporting purposes:		
Current portion	**2,484,263**	2,926,751
Non-current portion	**62,725**	399,000
	2,546,988	3,325,751

(a) The Company's subsidiary entered into an agreement in April 2018, pursuant to which a loan of RMB28,000,000 was lent to an associate of the Company, Nanjing Jiansheng Real Estate Development Company Limited（南京建盛房地產開發有限公司）. The loan is unsecured, bears an interest at 9% per annum and is repayable in April 2019.

(b) The Company's subsidiary entered into agreements in April and May 2018, pursuant to which loans of RMB1,640,000,000 in aggregate were lent to an independent third party, with balance of RMB877,695,000 remained unsettled at 31 December 2018, which is secured and bears an interest at 9.48% per annum.

(c) The Company's subsidiary entered into agreements in June and September 2017, pursuant to which loans of RMB843,929,000 in aggregate were lent to an independent third party. Extension agreements have been entered into between both parties to extend the loan for one year. As at 31 December 2018, unsettled balance of RMB566,154,000 is secured, bears an interest at 14% per annum and is repayable in August 2019.

(d) The Company's subsidiary entered into an agreement in June 2016, pursuant to which an entrusted loan of RMB400,000,000 was lent to an independent third party through a financial institution. As at 31 December 2018, unsettled balance of RMB399,000,000 is unsecured, bears an interest at 8.5% per annum and is repayable in June 2019.

13. FINANCIAL ASSETS AT AMORTIZED COST (EXCLUDING TRADE RECEIVABLES) (Continued)

(i) Loans receivables (Continued)

(e) The Company's subsidiary entered into an agreement in June 2018, pursuant to which a loan of RMB161,500,000 was lent to an independent third party. The loan is secured, bears an interest at 8.4% per annum and is repayable in July 2019.

(f) The Company's subsidiary entered into an agreement in May 2018, pursuant to which a loan of RMB200,000,000 was lent to an independent third party, with balance of RMB160,000,000 remained unsettled at 31 December 2018, which is secured and bears an interest at 12% per annum.

(g) The Company's subsidiary entered into agreements in September and December 2017, pursuant to which loans of RMB158,000,000 in aggregate were lent to a former subsidiary of the Company, Shenzhen Anke High Technology Company Limited (深圳安科高技術股份有限公司), which was disposed of during the year ended 31 December 2017. Extension agreements have been entered into between both parties to extend the loan for one year. The loan is unsecured, bears interests from 4.90% to 5.44%, and is repayable in December 2019.

(h) The remaining balance includes the loans to third parties with individual amount less than RMB100,000,000.

(ii) Consideration receivables

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Consideration receivables	**419,574**	149,216
Less: impairment provision	**(77,094)**	–
	342,480	149,216

The balance of RMB349,500,000 included in consideration receivables is unsettled consideration related to disposal of a joint venture. The remaining balance is unsettled consideration related to disposal of a subsidiary.

13. FINANCIAL ASSETS AT AMORTIZED COST (EXCLUDING TRADE RECEIVABLES) (Continued)

(iii) Other receivables

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Other receivables		
– Amounts due from third parties	**1,052,751**	1,167,092
– Amounts due from joint ventures	**15,125**	14,126
– Amounts due from associates	**95,917**	23,568
Less: impairment provision	**(48,207)**	(16,470)
	1,115,586	1,188,316
For reporting purposes:		
Current portion	**988,205**	987,866
Non-current portion	**127,381**	200,450
	1,115,586	1,188,316

(iv) Other financial assets at amortized cost

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Other financial assets at amortized cost		
– Amounts due from third parties (a)	**967,327**	583,174
– Amount due from other related party (b)	**205,861**	–
Less: impairment provision	**(72)**	–
	1,173,116	583,174
For reporting purposes:		
Current portion	**205,861**	583,174
Non-current portion	**967,255**	–
	1,173,116	583,174

13. FINANCIAL ASSETS AT AMORTIZED COST (EXCLUDING TRADE RECEIVABLES) (Continued)

(iv) Other financial assets at amortized cost (Continued)

(a) The amount of RMB583,174,000 as at 31 December 2017 represented an advance made to an insurance company in the PRC with maturity in year 2018, which carried interest at a fixed rate of 6.33% per annum. The investment principal and interest were withdrawn in 2018 upon maturity.

During the year ended 31 December 2018, the Group purchased two financial products at the consideration of RMB500,000,000 and RMB450,000,000 respectively from the aforementioned insurance company, with interests of fixed rates at 6.50% and 5.80% respectively per annum, both with a 5-year maturity at year 2023. The interest and principal are repayable at the maturity date.

(b) On 26 April 2018, the Group acquired a corporate bond (which was issued by one of the Group's related parties in prior years) from an independent third party with the amount of RMB205,861,000.

14. TRADE AND BILLS RECEIVABLES

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Trade receivables		
– Amounts due from third parties	**5,152,978**	5,316,940
– Amounts due from joint ventures	**32,867**	14,252
Bills receivables	**–**	1,895,179
Less: impairment provision	**(551,567)**	(576,098)
	4,634,278	6,650,273

The ageing analysis of trade and bills receivables as at the end of the reporting period, based on the invoice date and the date of issuance of the bills, net of impairment provision, is as follows:

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Within 90 days	**3,131,028**	3,618,030
91 to 180 days	**539,547**	1,534,268
181 to 365 days	**482,003**	993,620
Over 365 days	**481,700**	504,355
	4,634,278	6,650,273

15. ASSETS AND LIABILITIES OF DISPOSAL GROUP HELD FOR SALE

(i) Description

On 23 November 2018, the Group entered into a bundle transaction of equity transfer agreements ("the **Bundle Transaction**") with an independent third party to dispose of its entire equity interests of ten subsidiaries and four associates ("**Disposal Group**") for an aggregate cash consideration of RMB299,432,000. As at 31 December 2018, the Bundle Transaction was not completed and is estimated to be completed in 2019.

(ii) Assets and liabilities of the Disposal Group classified as held-for-sale

	31 December 2018
Assets	***RMB'000***
Property, plant and equipment	629,272
Prepaid land lease payments	182,340
Goodwill	2,991
Investments in associates	60,886
Other intangible assets	3,689
Financial assets at fair value through other comprehensive income	33,113
Deferred tax assets	2,340
Restricted cash	19,066
Cash and cash equivalents	25,257
Other current assets	442,227
	1,401,181
Liabilities	
Trade and bills payables	108,659
Other payables and accruals	79,817
Contract liabilities	108,098
Bank and other borrowings	181,125
Deferred tax liabilities	64,100
	541,799

16. TRADE AND BILLS PAYABLES

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Trade payables	**1,990,927**	2,028,681
Amounts due to joint ventures	**456**	–
Amounts due to associates	**1,603**	1,605
Amounts due to other related parties	**–**	2,757
Bills payables	**4,526,958**	4,781,908
	6,519,944	6,814,951

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

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Within 90 days	**2,655,984**	5,169,819
91 to 180 days	**2,713,380**	609,473
181 to 365 days	**998,173**	796,492
Over 365 days	**152,407**	239,167
	6,519,944	6,814,951

Included in the trade and bills payables are trade payables of RMB1,603,000 (2017: RMB5,325,000) due to associates and RMB456,000 (2017: RMB178,000) due to joint ventures which are repayable within 90 days, which represents credit terms similar to those offered by the associates or joint ventures to their major customers.

The trade payables are non-interest bearing and are normally settled on terms of 90 to 180 days.

17. OTHER PAYABLES AND ACCRUALS

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Accruals	**1,049,345**	996,413
Amounts due to joint ventures	**30,000**	30,000
Amounts due to associates	**1,081**	1,350
Other tax payables	**70,470**	124,983
Other payables	**630,637**	741,030
Refundable deposit received (a)	**1,000,000**	–
Payroll and welfare payables	**186,093**	176,199
Liability arising from financial guarantee contracts	**20,555**	11,108
Payables for purchase of property, plant and equipment	**189,313**	122,284
	3,177,494	2,203,367

(a) On 17 January 2018, each of Five Seasons XVI Limited (a wholly-owned subsidiary of the Company) ("**Five Seasons XVI**") and Mr. Ji Changqun ("**Mr. Ji**") entered into a non-legally binding memorandum of understanding ("**MOU**") with an independent third party, Neoglory Prosperity Inc.（新光圓成股份有限公司）, a PRC company listed on SZSE (002147.SZSE) ("**Potential Offeror**"), respectively, 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. ("**CHS**"), one of the principal subsidiaries of the Company whose shares are listed on HKSE, and subsequently changing to a possible sale and purchase of Five Seasons XVI's direct shareholding interests in CHS that would represent more than 50% but not exceeding 73.91% of the issued capital of CHS ("**Possible Sale and Purchase**").

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

All the amounts due to joint ventures and associates, other tax payables and payables for purchase of property, plant and equipment are unsecured, interest-free and repayable within 180 days. Financial liability included in other payables are unsecured, non-interest bearing and repayable on demand.

18. BANK AND OTHER BORROWINGS

	31 December 2018		31 December 2017	
	Current	**Non-current**	Current	Non-current
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Secured				
– Bank loans	**1,559,299**	**1,723,138**	1,348,015	1,592,712
– Loan from other financial institutions	**566,886**	**574,689**	–	501,000
– Other third party loans	**97,009**	**255,000**	–	165,000
Total secured borrowings	**2,223,194**	**2,552,827**	1,348,015	2,258,712
Unsecured				
– Bank loans	**3,195,367**	**–**	4,250,763	–
– Loan from related parties	**492,794**	**891,485**	811,697	–
– Medium-term notes	**500,000**	**–**	500,000	500,000
– Loan from other financial institutions	**–**	**–**	–	–
– Other third party loans	**608,751**	**–**	1,778,320	604,934
Total unsecured borrowings	**4,796,912**	**891,485**	7,340,780	1,104,934
	7,020,106	**3,444,312**	8,688,795	3,363,646

Bank and other borrowings carry interest ranging from 0% to 9.21% (2017: 0% to 8.50%) per annum.

18. BANK AND OTHER BORROWINGS (Continued)

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

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
RMB	**7,280,882**	9,668,367
US$	**2,023,741**	1,409,557
HK$	**647,237**	784,219
EUR	**269,084**	190,298
AUD	**243,474**	–
	10,464,418	12,052,441

Bank and other borrowings are repayable as follows:

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Within one year or on demand	**7,020,106**	8,688,795
Between one and two years	**1,152,269**	1,964,084
Between two and five years	**1,731,923**	786,125
Over five years	**560,120**	613,437
	10,464,418	12,052,441

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

(i) the mortgages over the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of RMB3,800,000,000 (2017: RMB3,599,360,000);

(ii) the mortgages over the Group's properties under development, which had an aggregate carrying value of approximately RMB135,466,000 at 31 December 2018 (2017: RMB95,525,000);

(iii) the pledge of certain of the Group's bank deposits amounting to RMB2,929,985,000 (2017: RMB2,894,031,000);

(iv) the pledge of certain of the Group's trade and bills receivables amounting to RMB905,550,000 (2017: RMB977,986,000);

18. BANK AND OTHER BORROWINGS (Continued)

(v) the pledge of the Group's property, plant and equipment amounting to RMB1,114,262,000 (2017: RMB176,106,000);

(vi) the pledge of the Group's prepaid land lease payments amounting to RMB128,756,000 (2017: RMB58,170,000);

(vii) the pledge of the Group's 100% (2017: 36%) equity interests in CHS, a subsidiary of the Group.

In addition, bank loans of RMB2,146,924,000 and RMB500,000,000 as at 31 December 2018 were guaranteed by Mr. Ji and jointly guaranteed by both a close family member of Mr. Ji and Mr. Ji, respectively.

19. CORPORATE BONDS

On 8 December 2014, the Company issued a six-year semi-annual coupon corporate bond ("**2014 CB**") with a principal amount of HK$10,400,000 (equivalent to RMB8,268,000) carrying interest at 7% per annum, before direct issue cost of RMB1,262,000. The effective interest rate as at 31 December 2018 is 9.6% (2017: 9.6%).

In March and July 2017, the Group issued two five-year annual coupon corporate bonds ("**2017 CB**") with principal amounts of RMB900,000,000 and RMB1,020,000,000, carrying interest at 6.47% and 6.50% per annum, respectively, before direct issue cost of RMB7,982,000, in aggregate. The effective interest rates as at 31 December 2018 are 6.59% and 6.62% (2017: 6.59% and 6.62%), respectively.

In January 2018, the Group issued a five-year annual coupon corporate bond ("**2018 CB**") with principal amounts of RMB500,000,000 carrying interest at 7.50% per annum, before direct issue cost of RMB2,425,000. The effective interest rate as at 31 December 2018 is 7.62%.

	2014 CB	**2017 CB**	**2018 CB**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2017	8,439	–	–	8,439
Issued	–	1,912,018	–	1,912,018
Imputed interest *(note 7)*	834	76,507	–	77,341
Interest paid	(631)	–	–	(631)
Exchange difference	(621)	–	–	(621)
As at 31 December 2017	8,021	1,988,525	–	1,996,546
As at 1 January 2018	**8,021**	**1,988,525**	**–**	**1,996,546**
Issued	**–**	**–**	**497,575**	**497,575**
Imputed interest *(note 7)*	**834**	**126,229**	**37,916**	**164,979**
Interest paid	**(618)**	**(124,530)**	**–**	**(125,148)**
Exchange difference	**383**	**–**	**–**	**383**
As at 31 December 2018	**8,620**	**1,990,224**	**535,491**	**2,534,335**

19. CORPORATE BONDS (Continued)

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Analysed for reporting purposes as:		
Current liabilities (included in other payables and accruals)	**114,250**	76,558
Non-current liabilities	**2,420,085**	1,919,988
	2,534,335	1,996,546

20. CONTINGENT LIABILITIES

As at 31 December 2018, contingent liabilities not provided for in the consolidated financial statements were as follows:

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Guarantees given to banks in connection with mortgage facilities (i)	**872,792**	1,418,901

(i) 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 penalty 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 obtained the "master property title certificate" upon completion of construction. The Directors consider that in case of default in payments, the net realizable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

20. CONTINGENT LIABILITIES (Continued)

(ii) On 7 July 2017, the Group entered into facility agreement with a bank and its joint venture, Five Seasons XXII Pte. Ltd. ("**Five Seasons XXII SG**") to provide guarantee to its Five Seasons XXII SG for its obligation of maintaining minimum interest reserve balance required by all finance documents relevant to the facility arrangement ("**Relevant Obligation**") in favor of the bank facility of SGD434,621,000 (equivalent to RMB2,185,605,000) granted for the purpose of acquisition of entire issued and paid-up relevant share capital of Plaza Venture Pte. Ltd.. In the event of Five Seasons XXII SG not paying the Relevant Obligation, the Group would be liable for the Relevant Obligation. In the opinion of the directors, based on the repayment history and relevant financial information, the possibility of the default or inability of discharging the Relevant Obligation is remote. Accordingly, no provision for the obligation due to the above guarantee have been made in the Group's consolidated financial statements at the end of the reporting period.

(iii) As at 31 December 2018, the Group also provided financial guarantees to two associates (2017: two) and a third party (2017: a former subsidiary) in favor of bank loans of RMB751,360,000 (2017: RMB740,000,000) and RMB410,000,000 (2017: RMB73,200,000), respectively. This amount represented the balance 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 RMB20,555,000 (2017: RMB11,108,000) has been recognized in the consolidated balance sheet as liabilities.

21. COMMITMENTS

(i) Operating lease arrangement

(a) 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:

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Within one year	**267,400**	116,945
In the second to fifth years, inclusive	**461,291**	200,889
After five years	**115,621**	146,464
	844,312	464,298

21. COMMITMENTS (Continued)

(i) Operating lease arrangement (Continued)

(b) Group – As lessee

The Group leases certain of its office properties and office equipment under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to six years, and those for office equipment are for terms ranging between two and five years.

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

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Within one year	**48,477**	33,230
In the second to fifth years, inclusive	**200,442**	115,639
After five years	**78,369**	121,175
	327,288	270,044

(ii) Capital commitment

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

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Contracted, but not provided for:		
– Properties under development	**39,884**	492,202
– Land and buildings	**–**	62,400
– Plant and machinery	**290,208**	238,758
– Capital contributions payable to an associate	**54,542**	1,391,110
– Capital contributions payable to a joint venture	**36,443**	–
– Investment in available-for-sale investments	**–**	635,000
	421,077	2,819,470

21. COMMITMENTS (Continued)

(iii) Other commitment

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 Company Limited（寧波眾邦產融控股有限公司）, both being limited partners of Ningbo Fengdong Investment Management Partnership Enterprise (Limited Partnership)（寧波豐動投資管理合夥企業（有限合夥）(“**Fund**”) (collectively referred to as “**Limited Partners**”) and Ningbo Zhongxin Wanbang Asset Management Company Limited（寧波眾信萬邦資產管理有限公司）, being the general partner of the Fund entered into a forward sale and purchase agreement (“**Forward Purchase Agreement**”) pursuant to which the Company has conditionally agreed to acquire from each of the Limited Partners their respective interests in the Fund at a maximum consideration of RMB3,342,507,567 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. The maximum consideration for the acquisition is estimated to be approximately RMB3,342,507,000.

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 O2O service provider in the PRC tourism business. As at the date of approval of the consolidated financial statements, the Fund has completed the acquisition from the shareholders of Shanghai Joyu and capital injection in Shanghai Joyu and currently holds approximately 26.33% interests in Shanghai Joyu.

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 person as follows:

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Properties under development	**930,841**	95,525
Investment properties	**3,800,000**	3,599,360
Property, plant and equipment	**1,114,262**	171,016
Trade and bills receivables	**905,550**	977,986
Prepaid land lease payments	**128,756**	58,170
Available-for-sale investments	**–**	200,000
Financial assets at fair value through other comprehensive income	**446,784**	–
Financial assets at fair value through profit or loss	**1,649,484**	–
Pledged bank deposits	**2,929,985**	2,894,031
	11,905,662	7,996,088

Details of the Group's bank and other borrowings which are secured by the assets of the Group are included in note 18 to this announcement.

23. EVENTS AFTER THE REPORTING PERIOD

On 29 March 2019, the Group entered into an agreement with an independent third party to dispose of its 65% equity interests in Ma'anshan Haixin Travel Investment Company Limited (馬鞍山海信旅遊投資有限公司) and its wholly-owned subsidiaries and the then related shareholder loan at a consideration of RMB80,000,000 and RMB423,673,000, respectively. At the date of approval of the consolidated financial statements, the Group has received RMB80,000,000 and RMB160,000,000 for the consideration of equity interests and shareholder loan respectively, and has yet to register for the title change and release the equity pledge under the security documents referenced to the announcements of the Company dated 26 September 2018 and 31 December 2018 regarding the connected transaction of the Group in relation to receiving financial assistance from Nanjing Jiangong Industrial Group Co., Ltd. (南京建工產業集團有限公司, previously known as "Nanjing Fullshare Industrial Holding Group Co., Ltd." (南京豐盛產業控股集團有限公司)).

24. COMPARATIVE AMOUNTS

During the year, certain comparative figures in respect of the year ended 31 December 2017 have been reclassified and re-presented to conform with the current year's presentation.

BUSINESS REVIEW

The revenue of the Group for the Year 2018 was derived from property, tourism, investment and financial services, healthcare and education and new energy businesses.

(1) Property business

(a) Property sales

During the Year 2018, the Group had contracted sales of approximately Renminbi ("**RMB**") 232,180,000, representing a decrease of approximately 82% as compared with the year ended 31 December 2017 (the "**Year 2017**"). The Group made contracted sales for an aggregate gross floor area ("**GFA**") of approximately 10,352 sq.m., representing a decrease of approximately 86% as compared with the Year 2017. The contract sales in the Year 2018 were mainly contributed by Yuhua Salon Project. As at 31 December 2018, the Group's contracted sales for the contracts signed but properties not yet delivered were approximately RMB105,413,000 with a total GFA of 5,846 sq.m.. The decrease in contracted sales and GFA was mainly due to substantial completion of sales for certain projects in 2017. The average contracted selling price in the Year 2018 was approximately RMB22,428 per sq.m., representing an increase of approximately 30% as compared with the Year 2017.

As at 31 December 2018, a breakdown of the major properties held by the Group in the PRC and their construction status was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area *(sq.m.)*	GFA Completed *(sq.m.)*	GFA under Construction *(sq.m.)*	GFA to be constructed *(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 People's Republic of China ("PRC")	Office and commercial project	Completed	Completed	33,606	78,165	–	–	52,612	100%
Yuhua Salon（雨花客廳）A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office project	Under construction	Third quarter of 2019	30,416	–	14,461	–	–	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	118,690	–	–	67,948	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	133,538	–	–	67,875	100%
Amber Garden（琥珀花園）	1 and 2 Jiadong, Xishanqiaojiedao, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Residential project	Completed	Completed	79,717	214,227	–	–	165,790	100%
Kunshan Herong（昆山和融）	North to Chinese Garden Road, West to Huangshan Road, Development District, Kunshan, the PRC	Residential project	Completed	Completed	48,553	145,990	–	–	41,281	100%
Ma'anshan Project（馬鞍山項目）	23 Huaxili, No. 505 Huaxi Road, Huashan District, Ma'anshan, the PRC	Residential and commercial project	Under construction	Second quarter of 2023	422,591	7,099	–	252,814	6,168	65%
					706,347	697,709	14,461	252,814	401,674	

(b) Investment properties

During the Year 2018, the investment properties of the Group mainly included Wonder City*（虹悅城）, certain units of Yuhua Salon*（雨花客廳）, 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	91,858	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	3,307	100%
Nantong					
Nantong Youshan Meidi Garden Project（南通優山美地花園項目）	No. 1888, Xinghu Avenue, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building Project（匯通大廈項目）	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project（鎮江優山美地花園項目）	At the cross of Guyang North Road and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC	Commercial	Medium-term covenant	10,085	100%
Weihai					
Weihai Project（威海項目）	Block 1, No. 229, Rongshan Road, Chengshan, Rongcheng City, Weihai, Shandong Province, the PRC	Commercial	Medium-term covenant	6,472	100%

(c) Green building services and entrusted construction services

During the Year 2018, the Group engaged in providing technical design and consulting services, green management services and entrusted construction services in the PRC. During the Year 2018, the revenue from both green building services and entrusted construction services was approximately RMB70,228,000 (2017: RMB129,525,000).

(2) Tourism business

In 2018, the Group gradually developed tourism business, to build an industrial layout that combines investment and operating business, and integrates long-term and short-term investments. The tourism property projects currently invested and held by the Group include the Laguna project in Queensland, Australia, the Sheraton project in Australia, the Jinling Five Seasons Hotel project in Nanjing and the Hainan Wenchang Five Seasons Hotel project.

The Laguna project is located in Bloomsbury of Queensland in Australia, adjacent to a large-scale comprehensive development project in 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 comprises the Sheraton Mirage Resort and the Golf Club project, which are located in Port Douglas of Queensland in Australia, a globally renowned tourist attraction. Since the refurbishment of Sheraton Mirage Resort and other nearby facilities including the lobby, guest rooms, golf clubhouse, indoor landscape and outdoor landscape, positive feedbacks are received from customers on its overall refurbishment quality. During the Year 2018, the hotel has been operating steadily with improving customer service quality and increasing operating revenue and profit. The Sheraton project comprises 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 has a total GFA of approximately 62,328 sq.m.

Nanjing Jinling Five Seasons Hotel is located in the Software Valley, Nanjing, Jiangsu Province, and covers an estimated aggregate GFA of 66,919 sq.m.. The hotel is expected to open for business in the second quarter of 2019.

Wenchang Five Seasons Hotel project is located in the coastal area of Gaolong Bay, Qinglan, Wenchang City, Hainan Province. It is planned to be built into a five-star health living resort with a site area of 61,689 sq.m. The compilation of the detailed planning and design proposal for construction has been completed.

Currently, the Group has engaged in tourism supply chain business, involving providing domestic and overseas procurement agency and centralised procurement services for the upstream and downstream of the tourism supply chain, including sales of airline tickets, hotels, entrance tickets and tourist routes 60 travel agencies. The Group's partners include resource suppliers, large-scale outbound tourism companies, online travel agency platforms and local guide agencies. In the sector of tourism supply chain business, the Group started to plan and build a tourism resource business to business (B2B) business platform, credit risk control system and financial support platform, to support and improve the tourism supply chain and supply chain to platform to business (S2B), business to business to consumer (B2B2C) businesses.

During the Year 2018, the revenue from tourism business was approximately RMB628,930,000 (2017: RMB167,453,000).

(3) Investment and financial services business

During the Year 2018, the Group's investment and financial services business consists of holding and investing in various listed and unlisted equities and treasury products and provision of investment and financial related services.

a) Listed equity investments held for trading

The portfolio of listed equity investments of the Group held for trading as at 31 December 2018 and 31 December 2017 is set out as follows:

As at 31 December 2018

Stock code	Name	Number of shares held *(Note 3)*	Effective shareholding interest as at 31 December 2018	Acquisition cost *RMB'000*	Carrying amount as at 31 December 2018 *RMB'000*	Unrealised holding gain/ (loss) arising on revaluation for the year ended 31 December 2018 *RMB'000*	Realised gain (loss) arising from disposal for the year ended 31 December 2018 *RMB'000*	Dividend received/ receivable for the year ended 31 December 2018 *RMB'000*
153.HK *(Note 1)*	China Saite Group Company Limited	203,800,000	8.74%	95,024	66,219	(33,553)	–	–
1908.HK *(Note 1)*	C&D International Investment Group Limited	40,000,000	5.44%	145,777	234,646	(8,930)	(16,126)	14,892
2098.HK *(Note 1)*	Zall Group	949,224,000	8.13%	1,307,463	3,542,707	(3,569,603)	–	20,181
8307.HK *(Note 1)*	Medicskin Holdings Limited	80,000,000	16.65%	45,334	16,861	(24,742)	–	105
833581.NE *(Note 2)*	CH-AUTO Technology Corporation Ltd	–	0.00%	–	–	–	9,367	–
					3,860,433	(3,636,828)	(6,759)	35,178

Notes:

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

2. The company is a listed company on the National Equities Exchange and Quotations in the PRC.

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

As at 31 December 2017

Stock code *(Note 1)*	Name	Number of shares held *(Note 2)*	Effective shareholding interest as at 31 December 2017	Acquisition cost *RMB'000*	Carrying amount as at 31 December 2017 *RMB'000*	Unrealised holding gain/(loss) arising on revaluation for the year ended 31 December 2017 *RMB'000*	Realised gain (loss) arising from disposal for the year ended 31 December 2017 *RMB'000*	Dividend received/ receivable for the year ended 31 December 2017 *RMB'000*
153.HK	China Saite Group Company Limited	203,800,000	8.74%	95,024	95,194	5,370	–	–
1908.HK	C&D International Investment Group Limited	60,000,000	8.16%	218,666	345,317	99,931	–	3,488
2098.HK	Zall Group	949,224,000	8.16%	947,452	6,761,509	1,991,988	–	–
8307.HK	Medicskin Holdings Limited	80,000,000	16.65%	45,334	40,037	(18,980)	–	3,512
3332.HK	Nanjing Sinolife United Company Limited ("**Nanjing Sinolife**")	–	0.00%	–	–	–	(2,644)	4,800
					7,242,057	2,078,309	(2,644)	11,800

Notes:

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

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

The performance and prospect of the Group's major investment during the Year 2018 are as follow:

Zall Group

The principal activities of Zall Group include developing and operating large-scale product-focused wholesale shopping malls which focus on sales of consumer goods and the related value-added businesses, such as warehousing, logistics, e-commerce and financial services in the PRC. On 28 June 2017, Zall Group has completed the acquisition of certain equity interest of a group of e-commerce companies for enhancing its e-commerce business development. The Group held approximately 949,224,000 shares in Zall Group, representing approximately 8.13% of its entire issued capital as at 31 December 2018 (31 December 2017: 8.16%). The carrying amount of the investment in Zall Group accounted for approximately 7% of the Group's total assets as at 31 December 2018 (31 December 2017: 12%). The Group believes that Zall Group's growth momentum in operation remains strong and expects the Group's investment in Zall Group to generate a return for the Group.

b) Other investments

During the Year 2018, apart from the above listed equity investments, the Group continued to monitor the portfolio performance and adjust the investment 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

As the subsidiaries of the Group, Baoqiao Group, a group of companies acquired by the Group in 2016, offered 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, money lending services and securities trading services.

During the Year 2018, this segment recorded a loss of approximately RMB3,220,116,000 (2017: profit of approximately RMB2,202,884,000). The loss before tax from the fair value changes in financial instruments for the Year 2018 of approximately RMB3,555,856,000 (2017: gain before tax of approximately RMB1,907,073,000) was mainly attributable to price changes of Zall Group. The loss from fair value changes after tax of the financial instruments at fair value through other comprehensive income and available-for-sale investments was approximately RMB189,523,000 (2017: RMB252,860,000). As at 31 December 2018, the total amount of financial assets at fair value through profit or loss, was approximately RMB7,352,513,000 (2017: RMB7,931,769,000), and the total amount of financial assets at fair value through other comprehensive income and available-for-sale investments held by the Group was approximately RMB4,904,854,000 (2017: RMB4,894,177,000).

(4) Healthcare and education business and others

During the Year 2018, the Group continued to identify appropriate investment opportunities to inject new impetus for the sustainable development of healthcare and education businesses. The revenue of healthcare and education segment was approximately RMB366,224,000 (2017: RMB560,825,000).

(5) New Energy Segment

New Energy segment is principally engaged in research, design, development, manufacture and distribution of a broad range of mechanical transmission equipment that are used in wind power and a wide range of industrial applications. During the Year 2018, the segment has contributed revenue of approximately RMB8,509,022,000 (2017: RMB8,241,914,000) to the Group.

(a) Wind gear transmission equipment

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

Currently, the Group maintains a strong customer portfolio. Customers of its wind power business include the major wind turbine manufacturers in the PRC, as well as renowned international wind turbine manufacturers such as GE Renewable Energy, Nordex, Senvion, Unison, Suzlon, Inox Wind, etc. With our quality products and good services, the Group has also received a wide range of recognition and trust from customers at home and abroad. The Group has wholly-owned subsidiaries in the USA, Germany, Singapore, Canada and India to support the sustainable development strategy of the Group and strive to have closer communication and discussion with potential overseas customers with a view to providing further diversified services for global customers. The wind gear transmission equipment is a major product that has been developed by the Group.

(b) Industrial gear transmission equipment

The Group's traditional gear transmission equipment products are mainly supplied to customers in industries such as metallurgy, construction materials, traffic, transportation, petrochemical, aerospace and mining. The Group adjusted the development strategy for traditional industrial gear transmission equipment. Above all, with the focus on energy-saving and environmentally-friendly products, the Group self-developed standardized and modular products which are internationally competitive, in order to facilitate the change in sales strategies and explore new markets and new industries; at the same time, the Group strengthened its efforts to provide and sell parts and components of relevant products as well as system solutions to its customers, helping them enhance their current production efficiency without increasing capital expenditure, thereby maintaining the Company's position as a major supplier in the traditional industrial transmission product market. In respect of transmission equipment for high-speed rails, metro lines, urban train and tram segments, the Group has obtained International Railway Industry Standard (IRIS) certificate for its rail transportation products, which has laid a solid foundation for the Group's rail transportation products to expand into high-end international railway markets. Currently the products have been successfully applied to rail transportation transmission equipment in Beijing, Shanghai, Shenzhen, Nanjing, Qingdao, Dalian, Suzhou, Lanzhou, Nanchang, Shijiazhuang, Fuzhou, Jinan, Wenzhou, Xi'an, Wuhan, Hong Kong, Singapore, Brazil, India, Mexico, Tunisia and Australia. The Group will continue to actively extend the transmission equipment business into high-speed rails, metro lines, urban train and tram segments, and accelerate the research and development of rail transportation gear equipment products.

The metro gear box that is used in the metro of Shanghai, Hong Kong and Melbourne is PDM385 type two-stage metro gear box, which was developed by the Group on the basis of the assimilation of domestic and foreign standards and customer specifications and several years' experience in design and manufacturing. PDM385 type two-stage metro gear box is characterized by its compacted structure, low noise, and easy maintenance, etc. With a 1.2 million km, or 10-year maintenance-free life span, the key components can endure for a period of 35 years.

(c) Disposal of loss-making business

During the Year 2018, the Group continued its strategy to divest the loss-making business to enhance its overall performance. On 23 November 2018, the Group entered into a bundle transaction with an independent third party to dispose of its entire equity interests of ten subsidiaries and four associates (the "**Disposal Group**"), of which some are engaging in manufacturing and sales of computer numerical controlled machine tool and diesel engine products. As at the date of this announcement, the disposal of the Disposal Group under the equity transfer agreement was still not completed and is expected to be completed in 2019.

PROSPECT

Looking forward to 2019, the Group will focus on developing the healthcare tourism industry（康旅產業）. Pursuing the idea of the industrial platform, the Group will concentrate on resources deployment and operation and management of the healthcare business and tourism business. The Company will, through self-operating, investment in equities, cooperation and other possible methods, make the layout of its resources (such as, hospitality, scenic destinations, healthcare services, healthcare goods and new businesses), platforms (B2B and B2C tourism platforms), branding and media marketing as well as the financing and payment in order to form a healthcare tourism platform and a business ecosystem with complete industrial levels, business synergy and transaction logic. Through resource integration, the Company will be able to enhance its market competitiveness, meet the demands of customer groups and partners, and is expected to achieve the anticipated return on investments.

Stable development is one of the principal targets of the Group for 2019. The Group will continue to closely monitor changes in the policy environment, market environment and business environment, maintain healthy financial management policies, further enhance the effectiveness of usage of capital, strengthen internal corporate governance, control operational risks and enhance its risk resistance capability.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately RMB737,806,000, or 7%, from approximately RMB11,026,457,000 in Year 2017 to approximately RMB10,288,651,000 in Year 2018. The revenue in Year 2018 was derived from the properties segment, tourism segment, investment and financial services segment, healthcare, education and others segment and new energy segment of approximately RMB773,549,000, RMB628,930,000, RMB10,926,000, RMB366,224,000 and RMB8,509,022,000 respectively, and the revenue in Year 2017 was derived from the properties segment, tourism segment, investment and financial services segment, healthcare, education and others segment and new energy segment of approximately RMB2,007,216,000, RMB167,453,000, RMB49,049,000, RMB560,825,000 and RMB8,241,914,000 respectively.

In Year 2018, the revenue of the properties segment decreased by approximately RMB1,233,667,000 or 61%, as compared to Year 2017. The properties segment includes investment, development and sales of properties and provision of construction related services. The revenue decreased was mainly due to the decrease in sales of properties by approximately RMB1,222,305,000 from approximately RMB1,704,330,000 in Year 2017 to approximately RMB482,025,000 in Year 2018. Fewer properties were delivered because certain projects are still in construction stage and the Group delivered fewer property units among the completed projects in Year 2018.

The revenue of the tourism segment increased by approximately RMB461,477,000, or 276% as compared to Year 2017. The main reason was that in addition to the revenue derived from a hotel operated in Australia, the Group has made more efforts on tourism supply chain business to improve the overall revenue of tourism segment in Year 2018.

The revenue of the investment and financial services segment decreased by approximately RMB38,123,000, or 78%. This was mainly because there were larger scales of financial service projects in Year 2017, while there was no such project of similar scale in Year 2018.

The revenue of the healthcare, education and others segment decreased by approximately RMB194,601,000, or 35%, which was mainly due to the disposal of Shenzhen Anke High Technology Company Limited*（深圳安科高技術股份有限公司）and its subsidiaries ("**Shenzhen Anke Group**") in December 2017. Shenzhen Anke Group is principally engaged in medical equipment assembly and sale. Excluding the effects resulted from the disposal of Shenzhen Anke Group, the performance of childhood education project in Australia and the sales of other products showed a growth as compared to Year 2017.

The revenue of the new energy segment slightly increased by approximately RMB267,108,000, or 3%, which was mainly due to the increase in deliveries of wind and industrial gear transmission equipment.

Cost of sales

The cost of sales of the Group increased by approximately RMB254,254,000, or 3%, from approximately RMB8,066,730,000 in Year 2017 to approximately RMB8,320,984,000 in Year 2018. The costs of sales in Year 2018 derived from the properties segment, tourism segment, investment and financial services segment, healthcare, education and others segment and new energy segment were approximately RMB343,896,000, RMB618,689,000, RMB4,397,000, RMB323,064,000 and RMB7,030,938,000 respectively, whereas the cost of sales in Year 2017 derived from the properties segment, tourism segment, investment and financial services segment, healthcare, education and others segment and new energy segment were approximately RMB1,054,162,000, RMB179,237,000, RMB1,789,000, RMB446,695,000 and RMB6,384,847,000 respectively.

The cost of sales for the properties segment decreased by approximately RMB710,266,000, or 67% as compared to Year 2017, which was mainly due to the decrease in the properties projects delivered during Year 2018.

Cost of sales of the tourism segment increased by approximately RMB439,452,000, or 245% as compared to Year 2017, which was mainly resulted from the growth of tourism supply chain business during Year 2018.

The amount of cost of sales of the investment and financial services segment slightly increased by approximately RMB2,608,000, as compared to Year 2017.

Cost of sales of the healthcare, education and others segment decreased by approximately RMB123,631,000, or 28% as compared to Year 2017, which was mainly because the disposal of Shenzhen Anke Group in December 2017.

The cost of sales of the new energy segment includes the impact of the accounting adjustment of approximately RMB96,572,000 (For Year 2017: RMB311,976,000) made on the premium over the cost of inventory and other non-current assets upon the acquisition of CHS in late 2016. If this accounting adjustment was excluded, the cost of sales would be approximately RMB6,934,366,000 in Year 2018. The cost of sales after excluding such consolidated adjustment was approximately RMB6,072,871,000 in Year 2017. Therefore, the cost of sales increased by approximately RMB861,495,000, or 14%. The increase was mainly due to the increase in prices of raw materials.

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately RMB992,060,000, or 34%, from approximately RMB2,959,727,000 in Year 2017 to approximately RMB1,967,667,000 in Year 2018. The gross profit margin decreased from 27% in Year 2017 to 19% in Year 2018. The gross profit of the Group was mainly derived from properties segment and new energy segment. The gross profit and gross profit margin in Year 2018 derived from the properties segment and new energy segment were approximately RMB429,653,000 and 56%, and RMB1,478,084,000 and 17% respectively. The gross profit and gross profit margin in Year 2017 derived from the properties segment and new energy segment were approximately RMB953,054,000 and 47%, and approximately RMB1,857,067,000 and 23% respectively. The decrease in gross profit of the properties segment was mainly due to the decrease in delivered properties as compared with that in Year 2017. However, the increase in rental income with a higher gross profit margin resulted in an increase in gross profit margin of properties segment. In addition, the decrease in the gross profit and gross profit margin of the new energy segment was due to the increase in cost of sales.

Selling and distribution expenses

Selling and distribution expenses of the Group decreased by approximately RMB126,369,000, or 23%, from approximately RMB544,894,000 in Year 2017 to approximately RMB418,525,000 in Year 2018, which was mainly due to the selling and distribution expenses of certain disposed subsidiaries in Year 2017 not being recorded in Year 2018. Moreover, the decline in sales revenue from properties segment in Year 2018 resulted in a corresponding decrease in the related selling expenses, such as promotion and commission expenses.

Administrative expenses and credit impairment losses on financial assets

Administrative expenses and credit impairment on financial assets of the Group decreased by approximately RMB73,747,000 or 6%, from approximately RMB1,282,631,000 in Year 2017 to approximately RMB1,208,884,000 in Year 2018. The administrative expenses in Year 2018 and Year 2017 mainly included salaries and staff welfare, depreciation and amortization of tangible and intangible assets, credit impairment losses on financial assets and professional fees. Decrease in administrative expenses was mainly due to the decrease in salaries and staff welfare and credit impairment losses on financial assets.

Other income

Other income increased by approximately RMB299,129,000, or 59%, from approximately RMB510,589,000 in Year 2017 to approximately RMB809,718,000 in Year 2018. Other income in Year 2018 mainly included other interest income of approximately RMB390,576,000, bank interest income of approximately RMB151,896,000 and dividend income of approximately RMB146,919,000. Other income in Year 2017 mainly included other interest income of approximately RMB167,240,000, bank interest income of approximately RMB120,779,000 and dividend income of approximately RMB120,902,000.

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 RMB3,555,856,000 in Year 2018, as compared to a gain on change in fair value of approximately RMB1,907,073,000 in Year 2017. The fair value change mainly derived from listed equity investments. The Group recorded a significant fair value loss in Year 2018 mainly due to the price decrease of approximately 949,224,000 shares of Zall Group held by the Group. The Group will closely monitor its investment performance and will adjust its investment plan and portfolio when necessary.

Other gains – net

Net other gains of the Group comprises of miscellaneous non-recurring items, mainly the fair value change of investment properties, gains/losses of disposal of non-current assets, subsidiaries and associates, impairment loss of the non-current assets and foreign exchange differences. It decreased by approximately RMB234,077,000, or 58%, from approximately RMB402,341,000 in Year 2017 to approximately RMB168,264,000 in Year 2018. The decrease was mainly because there was a fair gain of RMB416,137,000 derived from the Group's transfer of certain parts of its shopping mall from properties held for sale to investment properties in Year 2017 while no such transfer was happened in Year 2018. Such decrease was partly offset by the decrease in foreign exchange losses. Due to a relatively more stable foreign exchange rates in Year 2018 than in Year 2017, the exchange difference losses decreased significantly. In Year 2017, the net exchange difference loss was approximately RMB110,831,000. During Year 2018, there were less gain/losses and impairment losses of those non-current assets and investments compared with Year 2017.

Share of result of joint ventures

The Group's share result from its joint ventures decreased from share of net profits of approximately RMB152,950,000 in Year 2017 to share of net loss of approximately RMB22,327,000 in Year 2018 mainly because of (i) the Group shared losses of Fullshare Value Fund I L.P. ("**Value Fund**") of approximately RMB50,477,000 in Year 2018. It is noted that more finance costs was incurred and exchange differences loss was recognised for Value Fund. In Year 2017, the share of loss from Value Fund was approximately RMB1,529,000; (ii) the Group shared fewer profits of Five Season Cultural Tourism Development Limited (五季文化旅遊發展有限公司) ("**Five Seasons Culture**") from RMB80,319,000 in Year 2017 to RMB23,412,000 in Year 2018 because Five Seasons Culture was disposed of during Year 2018.

Finance costs

Finance costs of the Group increased by approximately RMB217,696,000, or 30%, from approximately RMB731,051,000 in Year 2017 to approximately RMB948,747,000 in Year 2018, which was mainly because the average borrowing amount and interest rate of the Group in Year 2018 is larger and higher than that in Year 2017.

Income tax expense

In Year 2018, the current income tax expense and the deferred tax credit of the Group amounted to approximately RMB162,036,000 and RMB641,607,000, respectively, and in Year 2017, the current income tax and the deferred tax expense amounted to approximately RMB690,423,000 and RMB286,004,000, respectively.

In Year 2018, the current income tax expense decreased by approximately RMB528,387,000 as compared to Year 2017, which was mainly due to less profit generated from the properties and new energy segments than in Year 2017.

The deferred tax credit in Year 2018 was mainly derived from the fair value losses in financial instruments of approximately RMB597,548,000 and reversal of deferred tax liabilities of approximately RMB46,653,000 recognised at the date of acquisition of CHS when the non-current assets were amortized and disposed of. The deferred tax expense in Year 2017 was mainly derived from the fair value gains in financial instruments of approximately RMB342,303,000 and fair value gains on investment properties of approximately RMB132,823,000; deferred tax credit from unpaid land appreciation tax provision of approximately RMB60,505,000 and reversal of deferred tax liabilities of approximately RMB119,464,000 recognised at the date of acquisition of CHS when the inventories were sold and non-current assets were amortized.

Loss/profit for the Year

In Year 2018, the Group recorded a loss after tax of approximately RMB3,062,457,000. Excluding the net gains on disposal of subsidiaries of approximately RMB95,476,000, gain on a bargain purchase recognised in acquisition of subsidiaries of approximately RMB7,667,000 and relevant tax expense of approximately RMB10,404,000, the net loss recorded by the Group in Year 2018 was approximately RMB3,155,196,000. In Year 2017, the Group recorded a profit of approximately RMB2,136,464,000. Excluding the net gains on disposal of subsidiaries of approximately RMB364,534,000, gain on bargain purchase recognised in acquisition of subsidiaries of approximately RMB38,038,000 and the relevant tax expenses of approximately RMB145,698,000 for the abovementioned gains, the Group recorded a net profit for approximately RMB1,879,590,000 for Year 2017. Compared with Year 2017, the change was mainly due to the decrease in net fair value after tax in financial instruments of approximately RMB4,559,311,000.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

In Year 2018, the Group financed its operations and investments mainly by internally generated funds and debt financing.

Cash position

As at 31 December 2018, the Group had cash and cash equivalents of approximately RMB2,536,801,000 (31 December 2017: RMB5,221,679,000) excluding pledged bank deposits, represented an decrease by approximately RMB2,684,878,000, or 51% as compared to 31 December 2017.

Bank and other borrowings

As at 31 December 2018, bank and other borrowings of the Group amounted to approximately RMB10,464,418,000 including bank loans of approximately RMB6,477,804,000 and other borrowings of approximately RMB3,986,614,000. Among the bank and other borrowings, approximately RMB7,020,106,000 are repayable within one year, approximately RMB1,152,269,000 are repayable over one year but not exceeding two years, RMB1,731,923,000 are repayable over two years but not exceeding five years and approximately RMB560,120,000 are repayable over five years.

The borrowings balance decreased by approximately RMB1,588,023,000 or 13%, from 31 December 2017 to 31 December 2018.

Corporate bonds

As at 31 December 2018, the corporate bonds of the Group amounted to approximately RMB2,420,085,000 (31 December 2017: RMB1,919,988,000). The interest rate was fixed, the balances of approximately RMB1,921,937,000 were repayable over one year but not exceeding two years and balances of approximately RMB498,148,000 were repayable over two years but not exceeding five years. The corporate bonds of approximately RMB2,411,465,000 and RMB8,620,000 were denominated in RMB and Hong Kong dollars respectively.

Leverage

As at 31 December 2018, total cash and cash equivalents of the Group amounted to approximately RMB2,536,801,000 (31 December 2017: RMB5,221,679,000), excluding pledged bank deposits. Total balances of bank and other borrowings and corporate bonds amounted to approximately RMB12,884,503,000 as at 31 December 2018 (31 December 2017: RMB13,972,429,000). The gearing ratio of the Group as at 31 December 2018, calculated as a ratio of the sum of bank and other borrowings and corporate bonds to total assets, was approximately 26% (31 December 2017: 26%). The net equity of the Group as at 31 December 2018 was approximately RMB23,900,537,000 (31 December 2017: approximately RMB27,203,699,000).

As at 31 December 2018, the Group recorded total current assets of approximately RMB27,966,791,000 (31 December 2017: RMB31,630,524,000) and total current liabilities of approximately RMB18,625,456,000 (31 December 2017: RMB19,731,019,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.5 as at 31 December 2018 (31 December 2017: 1.6).

Foreign Exchange Exposure

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

Treasury Policies

As at 31 December 2018, bank and other borrowings of approximately RMB7,280,882,000, RMB2,023,741,000, RMB647,237,000, RMB269,084,000 and RMB243,474,000 were denominated in RMB, US dollars, Hong Kong dollars, Euros and Australia dollars respectively (31 December 2017: RMB9,668,367,000, RMB1,409,557,000 RMB784,219,000, RMB190,298,000 and nil). Bank and other borrowings of approximately RMB9,179,425,000 (31 December 2017: RMB8,685,724,000) 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 and Hong Kong 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.

As at 31 December 2018, trade and bills receivables and trade and bills payables of the Group were approximately RMB6,000,069,000 and RMB6,519,944,000 (31 December 2017: RMB6,650,273,000 and RMB6,814,951,000), respectively. The Group has a policy in financial risk management to ensure settlement of all receivables and payables during the credit period.

Pledge of Assets

Details of the Group's pledged assets as at 31 December 2018 are set out in note 22 to the consolidated result in this announcement.

Operating Segment Information

Details of the operating segment information of the Group in the Year 2018 are set out in note 3 to the consolidated result in this announcement.

Capital Commitments

Details of the capital commitments of the Group as at 31 December 2018 are set out in note 21 to the consolidated result in this announcement.

Contingent Liabilities

Details of contingent liabilities of the Group as at 31 December 2018 are set out in note 20 to the consolidated result in this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS

To expand the scale of operations and improve the quality of the assets of the Group, the Group conducted and completed the following material corporate acquisitions and disposals in the Year 2018:

1. 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 Company Limited*（寧波眾邦產融控股有限公司）(collectively referred to as "**Limited Partners**"), 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**") and Ningbo Zhongxin Wanbang Asset Management Company Limited*（寧波眾信萬邦資產管理有限公司）, being the general partner of the Fund entered into a forward sale and purchase agreement (the "**Forward Purchase Agreement**") pursuant to which the Company has conditionally agreed to acquire from each of the Limited Partners their respective interests in the Fund at a maximum consideration of RMB3,342,506,567 which was determined with reference to the capital contributions made by the Limited Partners of an aggregate amount of approximately RMB2,633,000,000 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. The maximum consideration for the acquisition is estimated to be approximately RMB3,342,507,000.

   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 O2O service provider in the PRC tourism business. Its "Lvmama travel website"*（「驢媽媽旅遊網」）is a well-known online travel agency in the PRC. The Fund has completed the acquisition from the shareholders of Shanghai Joyu and capital injection in Shanghai Joyu and held approximately 26.33% interests in Shanghai Joyu as at 31 December 2018.

2. On 19 March 2018, Prosper Wealth International Limited ("**Prosper Wealth**"), a direct wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Yi Yue (Hong Kong) Limited*（益悅（香港）有限公司）("**Yi Yue (Hong Kong)**"), an indirect wholly-owned subsidiary of C & D International Investment Group Limited（建發國際投資集團有限公司）, a company listed on the Stock Exchange (stock code: 1908), pursuant to which, amongst others, Yi Yue (Hong Kong) agreed to purchase and Prosper Wealth agreed to sell 100% interests of Fullshare Healthcare Limited, an indirectly wholly-owned subsidiary of the Company, at the cash consideration of RMB1,092,764.23. Yi Yue (Hong Kong) shall also provide fund to Fullshare Healthcare Limited to repay the shareholder's loan in the amount of RMB168,957,149.55 previously advanced by the Company. Accordingly, the Company and Xiamen Yi Yue Property Company Limited*（廈門益悅置業有限公司）agreed to terminate the cooperation development agreement dated 8 December 2017 on 19 March 2018. Completion of the disposal has taken place on 25 March 2018.

3. On 30 October 2018, Nanjing Fullshare Dazu Technology Co., Ltd.*（南京豐盛大族科技股份有限公司）(“**Fullshare Dazu**”), an indirect wholly-owned subsidiary of the Company, entered into a joint development agreement with Changzhou Hengchen Enterprise Management Co., Ltd.*（常州恒宸企業管理有限公司）(“**Changzhou Hengchen**”) and Shengyu (BVI) Limited（盛譽(BVI)有限公司*) (“**Shengyu**”), pursuant to which, Fullshare Dazu shall invest RMB1.00 billion in Changzhou Jiangheng Real Estate Development Co., Ltd.*（常州江恒房地產開發有限公司）(“**Changzhou Project Company**”), of which RMB827.88 million was injected as registered capital and RMB172.12 million was included as capital reserves. Upon completion of the capital increase, the registered capital of Changzhou Project Company increased to RMB1,881.54 million, and Fullshare Dazu held 44% equity interests in Changzhou Project Company, in proportion to its contributions to the registered capital. The Changzhou Project Company has obtained the construction land use right of the project land located in Changzhou, Jisangsu Province, the PRC (the “**Changzhou Project Land**”). In order to maximize value for all the parties, the Group entered into the joint development agreement to develop, manage and operate Changzhou Project Land with Changzhou Hengchen and Shengyu.

In the Year 2018, save as disclosed above, the Group did not have any material acquisition or disposal of subsidiaries or associates.

FURTHER UPDATE ON TRANSACTION REGARDING RECEIPT OF FINANCIAL ASSISTANCE FROM NANJING JIANGONG INDUSTRIAL

Reference is made to the announcements of the Company dated 26 September 2018 and 31 December 2018 (the “**Announcements of Receiving Financial Assistance**”) regarding the connected transaction of the Group in relation to receiving financial assistance from Nanjing Jiangong Industrial Group Co., Ltd.*（南京建工產業集團有限公司）（“**Nanjing Jiangong Industrial**”, previously known as “Nanjing Fullshare Industrial Holding Group Co., Ltd.*”（南京豐盛產業控股集團有限公司））and the update on such transaction. Unless otherwise defined herein, capitalised terms used in this sub-section shall have the same meanings as defined in the Announcements of Receiving Financial Assistance.

On 29 March 2019, Fullshare Dazu, a wholly-owned subsidiary of the Company, entered into two share transfer agreements, pursuant to which Fullshare Dazu conditionally agreed to dispose of its (i) 35% equity interests in Haixin which have been pledged to China Orient Asset pursuant to the Security Documents (“**35% Pledged Interests**”) and assign the shareholder’s loan of a principal amount of RMB400 million at a consideration of RMB43,076,923 and RMB423,672,876.71 respectively; and (ii) 30% equity interests in Haixin which have been pledged to the original vendor to secure payment obligation of Haixin in respect of a shareholder’s loan extended by the original vendor to Haixin (“**30% Pledged Interests**”) at a consideration of RMB36,923,077, respectively, to a purchaser (“**Purchaser**”) which is an independent third party (“**Disposal**”). Completion of the Disposal of the 35% Pledged Interests is subject to certain conditions precedent including the provision of reasonable security by the Purchaser to China Orient Asset and procuring the termination of the Pledge Agreements with China Orient Asset in respect of the existing pledge provided by Fullshare Dazu over the 35% Pledged Interests under the Pledge Agreements and the release of the same. Completion of the Disposal of the 30% Pledged Interests is also subject to certain conditions precedent including the repayment by Haixin of the outstanding amount of the shareholder’s loan or the original vendor agreeing to release the pledge over the 30% Pledged Interests before such shareholder’s loan is repaid.

Upon completion of the Disposal, the Group will no longer hold any interest in any of the Ma'anshan Project Companies or any of the assets (including the Pledged Assets) held by Ma'anshan Project Companies, and the Group will be released from liabilities under the Security Documents in respect of the Assignment Agreement. The Nanjing Fullshare Holding Undertaking, the Personal Guarantee provided by Mr. Ji and the Guarantee Letter provided by Nanjing Longjin continue to be in full force and effect, and Fullshare Dazu expects to terminate the Loan Agreement upon completion of the Disposal.

DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 December 2018.

EMPLOYEES

As at 31 December 2018, the Group had about 6,652 employees (31 December 2017: 7,594 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB1,740,366,000 in the Year 2018 (Year 2017: approximately RMB1,771,370,000). 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 (the "**Share Award Scheme**") to promote the implementation of enterprise culture of co-creation and co-sharing and procure the core employees of the Company to focus on long-term operation performance, as well as to attract, retain and impel core talents.

SUBSEQUENT EVENTS

As at 31 December 2018, details of the subsequent events of the Group are set out in note 23 to the consolidated result in this announcement.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Audit Committee currently comprises three independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal financial control system of the Group and to review the Group's interim and annual reports and financial statements. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the Year 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2018, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company, except the trustee of the Share Award Scheme, pursuant to the terms of the trust deed of the Share Award Scheme, purchased on the Stock Exchange a total of 17,521,400 Shares at a total consideration of approximately RMB35,258,000.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and related notes thereto for the Year 2018 as set out in this announcement have been agreed with the Group's auditor, PricewaterhouseCoopers ("**PwC**"), which is consistent with the figures set out in the Group's audited consolidated financial statements for the Year 2018. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC on this announcement.

CORPORATE GOVERNANCE CODE

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

The Company has applied the principles and complied with the CG Code during the Year 2018 except for the following deviation:

Under the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year 2018, the positions of chairman and chief executive officer ("**CEO**") of the Company were held by Mr. Ji Changqun ("**Mr. Ji**"). The Board believes that the holding of both positions of chairman and CEO by the same individual allows more effective planning and execution of business strategies. In addition, the Board is of the view that the balanced composition of executive and the independent non-executive Directors on the Board and the various committees of the Board in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority. The Board will review regularly to consider that this structure will not impair the balance of power and authority between the Board and the management of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, they have complied with the required standard as set out in the Model Code throughout the Year 2018.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement has been published on the website of the Stock Exchange, www.hkexnews.hk, and the website of the Company, www.fullshare.com. The annual report for the Year 2018 will be despatched to the shareholders of the Company and published on the above-mentioned websites in due course.

By Order of the Board
Fullshare Holdings Limited
Ji Changqun
Chairman

Hong Kong, 29 March 2019

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

* *For identification purpose only*