Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board (the "**Board**") of directors (the "**Directors**") of Fullshare Holdings Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019 (the "**Period Under Review**"), together with comparative figures for the previous corresponding period prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		For the six months ended 30 June	
	Notes	**2019 (Unaudited) *RMB'000***	2018 (Unaudited) *RMB'000* (Restated)
Revenue	*5*	**4,803,869**	3,883,888
Cost of sales and services	*9*	**(3,873,131)**	(2,994,132)
Gross profit		**930,738**	889,756
Selling and distribution expenses	*9*	**(205,132)**	(201,220)
Administrative expenses	*9*	**(542,074)**	(524,289)
Research and development costs	*9*	**(163,877)**	(120,008)
Credit impairment losses on financial assets	*21*	**(395,633)**	(39,940)
Other income	*7*	**394,839**	440,427
Fair value changes in financial instruments	*6*	**(2,542,845)**	855,181
Other gains/(losses) – net	*8*	**18,280**	(16,620)
Operating (loss)/profit		**(2,505,704)**	1,283,287
Finance costs	*10*	**(453,312)**	(499,555)
Share of result of joint ventures		**(231,341)**	(11,209)
Share of result of associates		**(17,222)**	(73,256)
(Loss)/profit before tax		**(3,207,579)**	699,267
Income tax credit/(expense)	*11*	**576,188**	(186,619)
(Loss)/profit for the period		**(2,631,391)**	512,648

	Notes	For the six months ended 30 June **2019** **(Unaudited)** ***RMB'000***	2018 (Unaudited) *RMB'000* (Restated)
Other comprehensive (loss)/income			
Items that may be reclassified to profit or loss:			
– Exchange differences on translation of foreign operations		**(25,778)**	118,971
– Changes in the fair value of debt instruments at fair value through other comprehensive income		**(8,195)**	865
– Share of other comprehensive loss of associates		**(31,291)**	–
– Income tax relating to these items		**2,049**	(217)
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		**12,728**	128,420
– Income tax relating to these items		**(23,363)**	(12,232)
Other comprehensive (loss)/income for the period, net of tax		**(73,850)**	235,807
Total comprehensive (loss)/income for the period		**(2,705,241)**	748,455
(Loss)/profit for the period attributable to:			
– The shareholders of the Company		**(2,636,491)**	524,497
– Non-controlling interests		**5,100**	(11,849)
		(2,631,391)	512,648
Total comprehensive (loss)/income for the period attributable to:			
– The shareholders of the Company		**(2,733,024)**	770,371
– Non-controlling interests		**27,783**	(21,916)
		(2,705,241)	748,455
(Loss)/earnings per share attributable to the shareholders of the Company			
Basic (loss)/earnings per share	*13*	**RMB(13.37) cents**	RMB2.66 cents
Diluted (loss)/earnings per share	*13*	**RMB(13.37) cents**	RMB2.66 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2019

	Notes	**30 June 2019 (Unaudited)** *RMB'000*	31 December 2018 (Audited) *RMB'000*
ASSETS			
Non-Current Assets			
Property, plant and equipment		**5,637,227**	5,311,773
Investment properties		**4,008,450**	4,103,960
Prepaid land lease payments		**1,182,671**	1,148,500
Right-of-use assets		**234,641**	–
Goodwill		**2,080,537**	2,043,033
Other intangible assets		**547,777**	586,623
Investments in joint ventures		**800,010**	1,060,904
Investments in associates		**1,659,271**	1,741,240
Financial assets at fair value through other comprehensive income	*15*	**3,398,214**	3,536,398
Financial assets at fair value through profit or loss	*14*	**518,198**	980,867
Loans receivables	*16*	**62,725**	62,725
Other financial assets at amortized cost	*16*	**983,283**	967,255
Other receivables	*16*	**49,198**	127,381
Prepayments		**174,767**	35,659
Deferred tax assets		**540,184**	383,594
		21,877,153	22,089,912
Current Assets			
Inventories		**2,567,357**	2,315,713
Prepaid land lease payments		**24,228**	24,438
Trade receivables	*17*	**3,688,999**	4,634,278
Consideration receivables	*16*	**194,464**	342,480
Loans receivables	*16*	**2,710,381**	2,484,263
Prepayments		**431,393**	614,779
Other receivables	*16*	**1,440,775**	988,205
Other financial assets at amortized cost	*16*	**219,861**	205,861
Tax prepaid		**51,406**	88,155
Financial assets at fair value through other comprehensive income	*15*	**1,414,354**	1,368,456
Financial assets at fair value through profit or loss	*14*	**3,937,305**	6,371,646
Properties under development		**167,762**	932,837
Properties held for sale		**619,804**	718,528
Restricted cash		**3,254,201**	2,939,170
Cash and cash equivalents		**1,364,355**	2,536,801
Assets of disposal group classified as held-for-sale		**1,451,757**	1,401,181
		23,538,402	27,966,791
Total assets		**45,415,555**	50,056,703

	Notes	**30 June 2019 (Unaudited)** ***RMB'000***	31 December 2018 (Audited) *RMB'000*
LIABILITIES			
Non-Current Liabilities			
Corporate bonds		**1,523,078**	2,420,085
Bank and other borrowings	*20*	**3,239,879**	3,444,312
Lease liabilities		**262,437**	–
Deferred tax liabilities		**1,039,942**	1,528,033
Warranty provision		**65,151**	72,528
Deferred income		**156,786**	65,752
		6,287,273	7,530,710
Current Liabilities			
Trade and bills payables	*18*	**6,056,069**	6,519,944
Other payables and accruals	*19*	**3,329,618**	3,177,494
Contract liabilities		**427,040**	413,432
Corporate bonds		**897,572**	–
Bank and other borrowings	*20*	**5,629,879**	7,020,106
Taxation payables		**865,401**	833,814
Warranty provision		**121,178**	90,373
Deferred income		**22,586**	28,494
Lease liabilities		**22,637**	–
Liabilities of disposal group classified as held-for-sale		**671,687**	541,799
		18,043,667	18,625,456
Total Liabilities		**24,330,940**	26,156,166
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital		**161,084**	161,084
Reserves		**17,756,917**	20,534,416
		17,918,001	20,695,500
Non-controlling interests		**3,166,614**	3,205,037
Total equity		**21,084,615**	23,900,537
Total liabilities and equity		**45,415,555**	50,056,703

NOTES

For the six months ended 30 June 2019

1. GENERAL INFORMATION

Fullshare Holdings Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The 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, education and others – healthcare and education products and services and other products; and
- New energy – manufacture and sale of gear products.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2018 ("**Group's FS 2018**") and any public announcements made by the Company during the interim reporting period.

The accounting policies adopted are consistent with the Group's FS 2018 as described therein, except for the adoption of new and amended standards as set out below.

The interim condensed consolidated financial statements have been prepared on a going concern basis, although the Group might have been exposed to liquidity risk following our controlling shareholder, Mr. Ji Changqun ("**Mr. Ji**"), was reported involvement in litigations in respect of liabilities for certain alleged overdue payment (see note 26 Events after the reporting period). Pursuant to relevant terms of the Group's loan agreements, the reported event might be considered as an event of default the occurrence of which will allow the lender to demand accelerated repayments for certain loans of the Group totalling approximately RMB1.1billion.

However, up to the date of this interim announcement, the Group has not received any request from any relevant lender for any accelerated repayment. Further, the management of the Company consider that adequate collaterals have been provided to secure the relevant loans. Accordingly, no adjustment or reclassification of assets and liabilities of the Group are made to reflect their realization value.

2. BASIS OF PREPARATION (Continued)

2.1 New standards, amendments and interpretation adopted by the Group

A number of new or revised standards, amendments and interpretation to existing standards are mandatory for the financial year beginning on 1 January 2019:

- *HKFRS 16 – Leases ("***HKFRS 16***")*
- *Amendments to HKFRS 9 – Prepayment Features with Negative Compensation*
- *Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures*
- *Annual Improvements to HKFRS 2015 – 2017 Cycle*
- *Amendments to HKAS 19 – Plan Amendment, Curtailment or Settlement, and*
- *HK (IFRIC) 23 – Uncertainty over Income Tax Treatments.*

The effects of the adoption of HKFRS 16 is disclosed in note 3. 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 interim financial information.

2.2 New standards, amendments and interpretations not yet adopted by the Group

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the financial year beginning on 1 January 2019 and have not been early adopted by the Group:

Standards, amendments and interpretations		**Effective for annual periods beginning on or after**
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Revised Conceptual Framework for Financial Reporting	Conceptual Framework	1 January 2020
Amendments to HKFRS 10 and HKFRS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The standards, amendments and interpretations described above are either currently not relevant to the Group or had no material impact on the Group's interim financial information.

3. CHANGES IN ACCOUNTING POLICIES

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019.

3.1 Adjustments recognized on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.79%.

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	327,288
Less: Short-term leases recognized on a straight-line basis as expense	(5,819)
Low-value leases recognized on a straight-line basis as expense	(3,210)
Lease contract entered into before 31 December 2018 and the lease not yet commenced on 31 December 2018	(40,617)
Add: Adjustments as a result of a different treatment of extension and termination options	60,225
	337,867
Less: Total future interest expenses	(85,871)
Lease liabilities recognized as at 1 January 2019	251,996
Of which are:	
Current lease liabilities	17,801
Non-current lease liabilities	234,195
	251,996

The Group leases certain of its offices properties and office equipment. Right-of-use assets for long-term office properties leases were measured on a retrospective basis as if the new rules had always been applied. The Group adopts the practical expedient in HKFRS 16 for office equipment lease and certain office properties leases, which are short-term leases or leases of low-value assets and recognizes the lease cost on a straight-line basis as expenses in profit or loss. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

3.1 Adjustments recognized on adoption of HKFRS 16 (Continued)

The recognized right-of-use assets for office property leases is as follows:

	30 June 2019 (Unaudited) ***RMB'000***	1 January 2019 (Unaudited) *RMB'000*
Office properties	**234,641**	207,521

The change in accounting policy affected the following items in the consolidated balance sheet on 1 January 2019:

- right-of-use assets – increase by RMB207,521,000
- lease liabilities – increase by RMB251,996,000

The net impact on retained earnings on 1 January 2019 was a decrease of RMB44,475,000.

(i) Impact on segment disclosures and loss per share

The segment assets and segment liabilities as at 30 June 2019 increased as a result of the change in accounting policy. The following segment was affected by the change in policy:

	Segment assets *RMB'000*	**Segment liabilities** *RMB'000*
Healthcare, education and others	203,487	251,106

Loss per share for the six months ended 30 June 2019 was not significantly affected by the adoption of HKFRS 16.

(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than twelve months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 determining whether an arrangement contains a lease.

3. CHANGES IN ACCOUNTING POLICIES (Continued)

3.2 HKFRS 16 – Accounting policies applied from 1 January 2019

Until the 2018 financial year, leases of properties and equipment were under operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments, if any:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following, if any:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of twelve months or less. Low-value assets comprise small items of office equipment.

4. 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.

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

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

Segment liabilities exclude taxation payable, 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.

4. OPERATING SEGMENT INFORMATION (Continued)

	For the six months ended 30 June 2019					
	Properties *RMB'000*	Tourism *RMB'000*	Investment and financial services *RMB'000*	Healthcare, education and others *RMB'000*	New energy *RMB'000*	Total *RMB'000*
Segment revenue:						
Sales to external customers	253,662	169,044	24,246	162,020	4,194,897	4,803,869
Fair value changes in financial instruments	–	–	(2,542,845)	–	–	(2,542,845)
Segment results	(128,723)	(25,110)	(2,784,742)	9,011	222,901	(2,706,663)
Reconciliation:						
Unallocated bank interest income *(note 7)*						46,846
Gain on disposal of subsidiaries *(note 8)*						12,762
Loss on disposal of an associate *(note 8)*						(5,093)
Gain on disposal of a joint venture *(note 8)*						10,840
Unallocated income and losses						(15,073)
Corporate and other unallocated expenses						(97,886)
Finance costs *(note 10)*						(453,312)
Loss before tax						(3,207,579)
Segment assets at 30 June 2019	7,637,088	992,028	11,069,791	907,967	19,182,041	39,788,915
Reconciliation:						
Corporate and other unallocated assets						5,626,640
Total assets at 30 June 2019						45,415,555
Segment liabilities at 30 June 2019	1,222,470	94,804	70,077	108,183	8,472,490	9,968,024
Reconciliation:						
Corporate and other unallocated liabilities						14,362,916
Total liabilities at 30 June 2019						24,330,940

4. OPERATING SEGMENT INFORMATION (Continued)

	For the six months ended 30 June 2018 (Restated)					
	Properties *RMB'000*	Tourism *RMB'000*	Investment and financial services *RMB'000*	Healthcare, education and others *RMB'000*	New energy *RMB'000*	Total *RMB'000*
Segment revenue:						
Sales to external customers	226,731	68,168	5,059	117,136	3,466,794	3,883,888
Fair value changes in financial instruments	–	–	855,181	–	–	855,181
Segment results	21,853	(17,707)	969,708	(105,205)	204,984	1,073,633
Reconciliation:						
Unallocated bank interest income *(note 7)*						46,070
Loss on disposal of subsidiaries *(note 8)*						(5,258)
Loss on disposal of an associate *(note 8)*						(583)
Gain on disposal of a joint venture *(note 8)*						248
Unallocated income and losses						131,930
Unallocated corporate expenses						(47,218)
Finance cost *(note 10)*						(499,555)
Profit before tax						699,267
Segment assets at 31 December 2018	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 at 31 December 2018						50,056,703
Segment liabilities at 31 December 2018	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 at 31 December 2018						26,156,166

5. DISAGGREGATION OF REVENUE

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Included in properties segment:		
– Property development and sales	**123,476**	78,081
– Gross rental income	**118,038**	103,044
– Construction services	**12,148**	45,606
	253,662	226,731
Included in tourism segment:		
– Hotel operations	**68,838**	68,122
– Sales of tourist goods and services	**100,206**	46
	169,044	68,168
Included in new energy segment:		
– Sale of gear products	**4,194,897**	3,466,794
Included in investment and financial services segment:		
– Investment and financial consulting services	**24,246**	5,059
Included in healthcare, education and others segment:		
– Education services	**136,349**	107,441
– Healthcare products and other services	**25,671**	9,695
	162,020	117,136
	4,803,869	3,883,888

6. FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Fair value change in other financial assets at fair value through profit or loss ("**FVPL**") (a)	**(2,542,845)**	865,113
Fair value change in derivative financial instruments	**–**	(9,932)
	(2,542,845)	855,181

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

7. OTHER INCOME

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Bank interest income	**46,846**	46,070
Other interest income	**171,274**	195,610
Dividend income	**60,265**	161,226
Management fee income	**35,909**	32,548
Government grants	**43,388**	6,065
Others	**37,157**	(1,092)
	394,839	440,427

8. OTHER GAINS/(LOSSES) – NET

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Gain/(loss) on disposal of subsidiaries *(note 22)*	**12,762**	(5,258)
Change in fair value of investment properties	**19,091**	–
Loss on disposal of property, plant and equipment	**(11,715)**	(1,987)
Gain on disposal of prepaid land lease payment	**6,196**	–
Loss on disposal of an associate	**(5,093)**	(583)
Gain on disposal of a joint venture	**10,840**	248
Foreign exchange losses – net	**(12,202)**	(29,455)
Others	**(1,599)**	20,415
	18,280	(16,620)

9. EXPENSES BY NATURE

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Staff costs		
– Salaries and other benefit	**771,845**	733,519
– Pension scheme contribution	**62,174**	65,885
Cost of inventories sold	**2,866,343**	1,952,628
Depreciation of property, plant and equipment	**317,473**	308,574
Cost of properties sold	**71,817**	41,455
Advertising expense	**83,340**	33,853
Inventory write down to net realisable value	**47,459**	11,605
Amortisation of other intangible assets	**49,124**	44,584
Amortisation of prepaid land lease payments	**10,161**	12,690
Others	**504,478**	634,856
	4,784,214	3,839,649
Representing:		
Cost of sales and services	**3,873,131**	2,994,132
Selling and distribution expenses	**205,132**	201,220
Administrative expenses	**542,074**	524,289
Research and development costs	**163,877**	120,008
	4,784,214	3,839,649

10. FINANCE COSTS

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Financial costs		
– Bank and other borrowings	**366,895**	422,285
– Interest on corporate bonds	**95,620**	81,414
– Interest on lease liabilities	**8,043**	–
Less: interest capitalized	**(17,246)**	(4,144)
	453,312	499,555

11. INCOME TAX (CREDIT)/EXPENSE

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

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
		(Restated)
Current tax – charge/(credit) for the period		
– Mainland China	**60,046**	77,790
– Hong Kong	**20,071**	5,312
– Australia	**(3,160)**	–
– Singapore	**756**	–
Deferred tax (credit)/charge	**(653,901)**	103,517
	(576,188)	186,619

The People's Republic of China (the "PRC") corporate income tax ("CIT")

PRC CIT has been provided at the rate of 25% (six months ended 30 June 2018: 25%) on the taxable profits of the Group's Mainland China subsidiaries, except those listed below, during the six months ended 30 June 2019.

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 ending during which approval was obtained**	**Year ending during which approval will expire**
Nanjing High Speed Gear Manufacturing Co., Ltd. (南京高速齒輪製造有限公司) ("**Nanjing High Speed**")	31 December 2017	31 December 2019
Nanjing High Speed & Accurate Gear (Group) Co., Ltd. (南京高精齒輪集團有限公司)	31 December 2017	31 December 2019
Nanjing High Accurate Rail Transportation Equipment Co., Ltd. (南京高精軌道交通設備有限公司)	31 December 2017	31 December 2019
Jiangsu Green Capital Construction Design Institute Co., Ltd. (江蘇綠色都建建築設計研究院有限公司)	31 December 2017	31 December 2019

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

PRC land appreciation tax ("LAT")

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

Enterprises incorporated in other places other than Mainland China are subject to income tax rates of 16.5% to 30% prevailing in the places in which these enterprises operated for the six months ended 30 June 2019 (six months ended 30 June 2018: 16.5% to 30%).

12. DIVIDENDS

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2019 (six months ended 30 June 2018: nil).

13. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is as follows:

	For the six months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
		(Restated)
(Loss)/profit attributable to the shareholders of the Company	**(2,636,491)**	524,497
Weighted average number of ordinary shares in issue	**19,720,301,031**	19,729,061,731
Basic (loss)/earnings per share	**RMB(13.37) cents**	RMB2.66 cents
Diluted (loss)/earnings per share	**RMB(13.37) cents**	RMB2.66 cents

For the six months ended 30 June 2019, weighted average number of ordinary shares in issue was adjusted for the shares held by trustee for the Group's share award scheme, which were acquired in December 2018.

For the six months ended 30 June 2019, 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. There were no potential ordinary shares outstanding for the six months ended 30 June 2018.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Non-Current assets		
Unlisted equity investment	**–**	462,265
Derivative financial instrument (a)	**518,198**	518,602
	518,198	980,867
Current assets		
Listed equity investments (b)	**1,219,614**	3,860,433
Contractual right in relation to a listed entity (c)	**500,000**	503,620
Trade receivables measured at FVPL (d)	**636,696**	551,057
Unlisted debt investment	**501,592**	485,071
Structured bank deposits (e)	**604,996**	961,150
Unlisted equity investments	**474,407**	10,315
	3,937,305	6,371,646

(a) On 31 August 2017, the Group entered into a limited partnership agreement with Ningbo Zhongbang Chanrong Holding Co., Ltd. ("寧波眾邦產融控股有限公司") ("Ningbo Zhongbang") and Ningbo Jingbang Asset Management Co. ("寧波靖邦資產管理有限公司"), Ltd. in respect of the establishment of an investment fund in the PRC named Shanghai Guiman Enterprise Management L.P ("上海圭蔓企業管理合夥企業（有限合伙）"). (the "Guiman Fund"). The Group is a limited partner and has invested RMB500,000,000 in the Guiman Fund. Pursuant to the investment agreement, the Group would not bear any losses of Guiman Fund and was guaranteed with an annualized return rate not 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 asset because the investment income would be guaranteed by the other limited partner Ningbo Zhongbang due to the accumulated losses of Guiman Fund as at 30 June 2019 and 31 December 2018.

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

(b) The balances as at 30 June 2019 and 31 December 2018 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 SEHK on that date. The directors of the Company consider that the closing prices of these securities are the fair values of the investments.

	30 June 2019 (Unaudited) *RMB'000*	31 December 2018 (Audited) *RMB'000*
Zall Group (2098.SEHK)	**875,989**	3,542,707
C&D International Investment Group Limited (1908.SEHK)	**283,932**	234,646
China Saite Group Company Limited (153.SEHK)	**38,599**	66,219
Medicskin Holdings Limited (8307.SEHK)	**21,094**	16,861
	1,219,614	3,860,433

(c) 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.

(d) Trade receivables measured at FVPL

As at 30 September 2018, the Group entered into two agreements 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 agreements.

At 30 June 2019, such trade receivables for solely selling purpose amounting to RMB636,696,000 (31 December 2018: RMB551,057,000) were classified as financial assets at FVPL. For the six months ended 30 June 2019, fair value change of RMB11,243,000 for these trade receivables measured at FVPL are recognized in fair value changes in financial instruments.

(e) Structured bank deposits

At 30 June 2019, structured bank deposits of RMB604,996,000 (31 December 2018: RMB961,150,000) 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.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
	RMB'000	*RMB'000*
Non-Current assets		
Listed equity investments (a)	**488,124**	572,770
Unlisted equity investments (b)	**2,910,090**	2,963,628
	3,398,214	3,536,398
Current assets		
Bills receivables (c)	**1,411,851**	1,365,791
Unlisted equity investment	**2,503**	2,665
	1,414,354	1,368,456

(a) On 30 June 2019, the balance includes the Group's investments in Guodian Technology & Environment Group Corporation Limited（國電科技環保集團股份有限公司）amounting to RMB12,338,000 (31 December 2018: RMB12,298,000), the investment in Riyue Heavy Industry Co., Ltd.（日月重工股份有限公司） amounting to RMB317,958,000 (31 December 2018: RMB280,209,000), and the investment in Class A ordinary shares, Class B ordinary shares and American Depository Shares of Tuniu Corporation (TOUR. O.NASDAQ) amounting to RMB157,828,000 (31 December 2018: RMB280,263,000).

(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 total registered capital contribution to the Zheshang Fund is RMB65,910,000,000, among which, RMB2,000,000,000 was contributed by the Group as a limited partner. The Group's investment in Zheshang Fund had a fair value loss of RMB10,146,000 recognized in other comprehensive income for the six months ended 30 June 2019 (six months ended 30 June 2018: gain of RMB25,123,000).

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.

(c) Bills receivables that are held for collection of contractual cash flows and for selling the financial assets are measured at fair value through other comprehensive income ("**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.

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

(i) Loans receivables

	30 June 2019 (Unaudited) *RMB'000*	31 December 2018 (Audited) *RMB'000*
Loan to a related party (a)	**28,000**	28,000
Loans to third parties (b)	**3,255,592**	2,635,975
Less: impairment provision	**(510,486)**	(116,987)
	2,773,106	2,546,988
For reporting purposes:		
Current portion	**2,710,381**	2,484,263
Non-current portion	**62,725**	62,725
	2,773,106	2,546,988

(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 and bears an interest at 9% per annum.

(b) During the current interim period, the Group granted the new loans to third parties with individual amount more than RMB100,000,000 as follows:

- The Company's subsidiary entered into an agreement in January 2019, pursuant to which a loan of RMB150,000,000 was lent to an independent third party. The loan is unsecured, bears an interest at 8% per annum and is repayable in July 2019.

- The Company's subsidiary entered into an agreement in March 2019, pursuant to which a loan of RMB387,003,000 was lent to an independent third party. The loan is secured, bears an interest at 15% per annum and is repayable in December 2019.

- The Company's subsidiary entered into an agreement in June 2019, pursuant to which a loan of RMB273,000,000 was lent to an independent third party. The loan is secured, bears an interest at 15% per annum and is repayable in March 2020.

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

(ii) Consideration receivables

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Consideration receivables	**249,500**	419,574
Less: impairment provision	**(55,036)**	(77,094)
	194,464	342,480

(iii) Other receivables

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Other receivables		
– Amounts due from third parties	**1,284,879**	1,052,751
– Amounts due from joint ventures	**8,630**	15,125
– Amounts due from associates	**238,538**	95,917
Less: impairment provision	**(42,074)**	(48,207)
	1,489,973	1,115,586
For reporting purposes:		
Current portion	**1,440,775**	988,205
Non-current portion	**49,198**	127,381
	1,489,973	1,115,586

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

(iv) Other financial assets at amortized cost

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Other financial assets at amortized cost		
– Amounts due from third parties (a)	**983,355**	967,327
– Amount due from other related party (b)	**219,861**	205,861
Less: impairment provision	**(72)**	(72)
	1,203,144	1,173,116
For reporting purposes:		
Current portion	**219,861**	205,861
Non-current portion	**983,283**	967,255
	1,203,144	1,173,116

(a) The balances as at 30 June 2019 and 31 December 2018 represent two financial products purchased from an insurance company with interests of fixed rates at 6.50% and 5.80% respectively per annum, both with a 5-year maturity at year 2023. The interest and principal are repayable at the maturity date.

(b) The balance as at 30 June 2019 and 31 December 2018 represents a corporate bond (which was issued by one of the Group's related parties in prior years) acquired from an independent third party.

17. TRADE RECEIVABLES

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Trade receivables		
– Amounts due from third parties	**4,213,369**	5,152,978
– Amounts due from joint ventures	**20,770**	32,867
Less: impairment provision	**(545,140)**	(551,567)
	3,688,999	4,634,278

17. TRADE RECEIVABLES (Continued)

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

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Within 90 days	**2,322,872**	3,131,028
91 to 180 days	**345,088**	539,547
181 to 365 days	**627,250**	482,003
Over 365 days	**393,789**	481,700
	3,688,999	4,634,278

18. TRADE AND BILLS PAYABLES

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Trade payables		
– Amounts due to third parties	**2,058,537**	1,990,927
– Amounts due to joint ventures	**1,075**	456
– Amounts due to associates	**196**	1,603
Bills payables	**3,996,261**	4,526,958
	6,056,069	6,519,944

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:

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Within 90 days	**2,905,898**	2,655,984
91 to 180 days	**2,261,089**	2,713,380
181 to 365 days	**678,045**	998,173
Over 365 days	**211,037**	152,407
	6,056,069	6,519,944

19. OTHER PAYABLES AND ACCRUALS

	30 June 2019 (Unaudited) *RMB'000*	31 December 2018 (Audited) *RMB'000*
Accruals	**759,771**	1,049,345
Amounts due to joint ventures	**–**	30,000
Amounts due to associates	**1,331**	1,081
Other tax payables	**77,968**	70,470
Other payables	**1,132,664**	630,637
Refundable deposit received (a)	**1,000,000**	1,000,000
Payroll and welfare payables	**142,704**	186,093
Liability arising from financial guarantee contracts	**13,768**	20,555
Payables for purchase of property, plant and equipment	**201,412**	189,313
	3,329,618	3,177,494

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

On 24 April 2018, the Company, Five Seasons XVI and the Potential Offeror entered into an earnest money agreement (the "**Earnest Money Agreement**"), pursuant to which, the Potential Offeror shall provide an amount in cash or cash equivalents of RMB1,000,000,000 to the Company (or its subsidiaries) as refundable earnest money within 30 days from the date of the Earnest Money Agreement. On 28 September 2018, the relevant parties entered into a supplemental earnest money agreement ("**Supplemental Earnest Money Agreement**", together with the Earnest Money Agreement, "**Earnest Money Agreements**") to extend the term of the Earnest Money Agreement, and pursuant to which if, among others, no definitive agreement in respect of the Possible Sale and Purchase was entered into on or before 31 October 2018, the Company shall refund and return in full the earnest money (without any income accrued thereon) to the Potential Offeror (or its nominee) within 15 business days. As at 31 October 2018, no definitive agreement(s) has been entered into among the parties. As such, the Earnest Money Agreements have been automatically terminated. As at 30 June 2019, the deposit received has not yet been 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.

20. BANK AND OTHER BORROWINGS

	30 June 2019		31 December 2018	
	Current	**Non-current**	Current	Non-current
	(Unaudited)	**(Unaudited)**	(Audited)	(Audited)
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Secured				
– Bank loans	**1,468,784**	**1,585,599**	1,559,299	1,723,138
– Loan from other financial institutions	**600,173**	**521,225**	566,886	574,689
– Other third party loans	**402,959**	**223,000**	97,009	255,000
Total secured borrowings	**2,471,916**	**2,329,824**	2,223,194	2,552,827
Unsecured				
– Bank loans	**2,272,000**	**–**	3,195,367	–
– Loan from related parties	**657,792**	**910,055**	492,794	891,485
– Medium-term notes	**–**	**–**	500,000	–
– Other third party loans	**228,171**	**–**	608,751	–
Total unsecured borrowings	**3,157,963**	**910,055**	4,796,912	891,485
	5,629,879	**3,239,879**	7,020,106	3,444,312

Bank and other borrowings carry interest ranging from 0% to 10% (31 December 2018: 0% to 9.21%) per annum.

20. BANK AND OTHER BORROWINGS (Continued)

Bank and other borrowings are repayable as follows:

	30 June 2019 (Unaudited) *RMB'000*	31 December 2018 (Audited) *RMB'000*
Within one year or on demand	**5,629,879**	7,020,106
Between one and two years	**2,344,964**	1,152,269
Between two and five years	**429,877**	1,731,923
Over five years	**465,038**	560,120
	8,869,758	10,464,418

At the end of the reporting period, 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 of RMB3,929,673,000 (31 December 2018: RMB3,800,000,000);

(ii) the mortgages over the Group's properties under development, which had an aggregate carrying value of RMB167,762,000 (31 December 2018: RMB135,466,000);

(iii) the pledge of the Group's bank deposits amounting to RMB3,237,477,000 (31 December 2018: RMB2,929,985,000);

(iv) the pledge of the Group's property, plant and equipment amounting to RMB1,251,133,000 (31 December 2018: RMB1,114,262,000);

(v) the pledge of the Group's prepaid land lease payments amounting to RMB128,233,000 (31 December 2018: RMB128,756,000);

(vi) the pledge of the Group's financial assets at fair value through other comprehensive income amounting to RMB1,187,250,000 (31 December 2018: RMB905,550,000);

(vii) the pledge of the Group's 100% (31 December 2018: 100%) equity interests in CHS, a subsidiary of the Group.

In addition, bank loans of RMB1,922,442,000 and RMB500,000,000 (31 December 2018: RMB2,146,924,000 and RMB500,000,000) were guaranteed by Mr. Ji and jointly guaranteed by both a close family member of Mr. Ji and Mr. Ji, respectively.

21. FINANCIAL RISK MANAGEMENT

Credit risk

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

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

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

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

(a) Trade receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

21. FINANCIAL RISK MANAGEMENT (Continued)

(a) Trade receivables (Continued)

The expected credit losses provision for trade receivables as at 30 June 2019 and 31 December 2018 was determined as follows:

30 June 2019	**Less than 1 year** *RMB'000*	**More than 1 years** *RMB'000*	**More than 2 years** *RMB'000*	**More than 3 years** *RMB'000*	**More than 4 years** *RMB'000*	**Total** *RMB'000*
Expected credit loss rate	**3%**	**16%**	**34%**	**73%**	**100%**	**11%**
Gross carrying amount under ECL model (excluding those debtors of which 100% allowance provides)	**3,387,855**	**327,525**	**156,036**	**61,234**	**205,834**	**4,138,484**
Loss allowance under ECL model	**(92,645)**	**(53,921)**	**(52,565)**	**(44,520)**	**(205,834)**	**(449,485)**
100% specifically provided	**(1,873)**	**(62,101)**	**(28,351)**	**(194)**	**(3,136)**	**(95,655)**
Loss allowance	**(94,518)**	**(116,022)**	**(80,916)**	**(44,714)**	**(208,970)**	**(545,140)**
Net carrying amount	**3,295,210**	**273,604**	**103,471**	**16,714**	**–**	**3,688,999**

31 December 2018	Less than 1 year *RMB'000*	More than 1 years *RMB'000*	More than 2 years *RMB'000*	More than 3 years *RMB'000*	More than 4 years *RMB'000*	Total *RMB'000*
Expected credit loss rate	2%	16%	24%	77%	100%	9%
Gross carrying amount under ECL model (excluding those debtors of which 100% allowance provides)	4,232,505	391,590	183,972	59,803	227,319	5,095,189
Loss allowance under ECL model	(79,927)	(62,662)	(44,668)	(46,335)	(227,319)	(460,911)
100% specifically provided	(26,734)	(56,462)	(6,510)	(269)	(681)	(90,656)
Loss allowance	(106,661)	(119,124)	(51,178)	(46,604)	(228,000)	(551,567)
Net carrying amount	4,152,578	328,928	139,304	13,468	–	4,634,278

21. FINANCIAL RISK MANAGEMENT (Continued)

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

As at 30 June 2019, the Group provided for expected credit losses provision against financial assets at amortized cost (excluding trade receivables) as follows:

30 June 2019	**Expected loss rate**	**Gross carrying amount**	**Expected credit losses provision**	**Carrying amount (net of impairment provision)**
		RMB'000	***RMB'000***	***RMB'000***
Loans receivables	**15.55%**	**3,283,592**	**(510,486)**	**2,773,106**
Consideration receivables	**22.06%**	**249,500**	**(55,036)**	**194,464**
Other receivables	**2.75%**	**1,532,047**	**(42,074)**	**1,489,973**
Other financial assets at amortized cost	**0.01%**	**1,203,216**	**(72)**	**1,203,144**
		6,268,355	**(607,668)**	**5,660,687**

31 December 2018	Expected loss rate	Gross carrying amount	Expected credit losses provision	Carrying amount (net of impairment provision)
		RMB'000	*RMB'000*	*RMB'000*
Loans receivables	4.39%	2,663,975	(116,987)	2,546,988
Consideration receivables	18.37%	419,574	(77,094)	342,480
Other receivables	4.14%	1,163,793	(48,207)	1,115,586
Other financial assets at amortized cost	0.01%	1,173,188	(72)	1,173,116
		5,420,530	(242,360)	5,178,170

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

(c) Bills receivables measured at FVOCI

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

21. FINANCIAL RISK MANAGEMENT (Continued)

(d) Financial guarantee contracts

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

(e) Reconciliation of the expected credit loss

	Trade receivables *RMB'000*	**Loans receivables** *RMB'000*	**Consideration receivables** *RMB'000*	**Other receivables** *RMB'000*	**Other financial assets at amortized cost** *RMB'000*	**Total** *RMB'000*
Opening expected credit loss provision at 1 January 2019	(551,567)	(116,987)	(77,094)	(48,207)	(72)	(793,927)
Included in disposal group classified as held-for-sale	(131,187)	–	–	(3,114)	–	(134,301)
	(682,754)	(116,987)	(77,094)	(51,321)	(72)	(928,228)
Provision for credit losses recognized in profit or loss	(12,974)	(393,499)	–	(23,258)	–	(429,731)
Reversal for loss allowance recognized in profit or loss	–	–	22,058	12,040	–	34,098
Receivables written off as uncollectible	14,727	–	–	17,351	–	32,078
Transferred to disposal group classified as held-for-sale	135,861	–	–	3,114	–	138,975
Closing expected credit loss provision at 30 June 2019	(545,140)	(510,486)	(55,036)	(42,074)	(72)	(1,152,808)

22. DISPOSAL OF SUBSIDIARIES

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 (collectively referred to as "**Ma'anshan Group**") at a consideration of RMB80,000,000.

The assets and liabilities of Ma'anshan Group at the date of disposal were as follows:

	RMB'000
– Deferred tax assets	7,430
– Property, plant and equipment	44
– Properties under development	798,245
– Prepayments	7,639
– Trade receivables	129
– Other receivables	1,930
– Cash and cash equivalents	9,105
– Trade and bills payables	(37,936)
– Other payables and accruals	(10,385)
– Bank and other borrowings	(218,758)
– Shareholder's loan	(423,782)
– Deferred tax liabilities	(30,219)
– Non-controlling interests	(36,204)
Net assets disposed of	67,238
Cash consideration	80,000
Gain on disposal of subsidiaries *(note 8)*	12,762
Analysis of cash flows on disposal:	
Cash consideration	80,000
Cash and cash equivalents disposed of	(9,105)
Net cash inflow on disposal:	70,895

23. CONTINGENT LIABILITIES

As at 30 June 2019, contingent liabilities not provided for in the interim condensed consolidated financial statements were as follows:

(i) Mortgage facilities

	30 June 2019 (Unaudited)	31 December 2018 (Audited)
	RMB'000	*RMB'000*
Guarantees given to banks in connection with mortgage facilities	**806,754**	872,792

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 consolidated financial statements for the guarantees.

(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 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 RMB2,205,952,000) granted for the purpose of acquisition of entire issued and paid-up 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 above guarantee has been made in the Group's consolidated financial statements at the end of the reporting period.

(iii) As at 30 June 2019, the Group provided financial guarantees to two associates and a third party in favour of bank loans of RMB751,360,000 (31 December 2018: RMB751,360,000) and RMB410,000,000 (31 December 2018: RMB410,000,000), respectively. These amounts represented the balances that the Group could be required to be paid if the guarantees were called upon in its entirety. At the end of the reporting period, an amount of RMB13,768,000 (31 December 2018: RMB20,555,000) has been recognized in the consolidated balance sheet as liabilities.

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

23. CONTINGENT LIABILITIES (Continued)

In 2019, NGC Transmission Europe GmbH received a claim (the "Claim") filed by SET with a total amount of EUR10,318,000 (equivalent to RMB80,656,000) (the "Claimed Amount") against NGC Parties for breaches of contractual obligations under the Cooperation Agreement relating to the Project.

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

24. COMMITMENTS

(i) Operating lease arrangement – the Group as lessor

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

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

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Within one year	**210,514**	267,400
In the second to fifth years, inclusive	**335,914**	461,291
After five years	**104,381**	115,621
	650,809	844,312

(ii) Capital commitment

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

	30 June 2019 (Unaudited) ***RMB'000***	31 December 2018 (Audited) *RMB'000*
Contracted, but not provided for:		
– Properties under development	**24,110**	39,884
– Property, plant and equipment	**346,080**	290,208
– Capital contributions payable to an associate	**125,000**	54,542
– Capital contributions payable to a joint venture	**–**	36,443
	495,190	421,077

24. 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 RMB3,342,507,000 which was determined with reference to the capital contributions made by the Limited Partners of an aggregate amount of approximately RMB2,630,000,000 and the expected return to be distributed by the Fund in accordance with the terms of the limited partner agreement on the relevant settlement date in accordance with the terms of the Forward Purchase Agreement.

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 30 June 2019, 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.

25. 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:

	30 June 2019 (Unaudited) *RMB’000*	31 December 2018 (Audited) *RMB’000*
Properties under development	**167,762**	930,841
Investment properties	**3,929,673**	3,800,000
Property, plant and equipment	**1,251,133**	1,114,262
Prepaid land lease payments	**128,233**	128,756
Financial assets at fair value through other comprehensive income	**1,187,250**	1,352,334
Financial assets at fair value through profit or loss	**–**	1,649,484
Pledged bank deposits	**3,237,477**	2,929,985
	9,901,528	11,905,662

Details of the Group’s bank and other borrowings which are secured by the assets of the Group are included in note 20.

26. EVENTS AFTER THE REPORTING PERIOD

(i) On 16 August 2019, it came to the attention of the Company that Mr. Ji was named a defendant in a proceeding involving claim for alleged overdue payments of approximately HK$1,466 million (the "**Proceeding**"). No further information in respect of the Proceeding and the claim thereunder is available as at the date of this interim announcement. Pursuant to relevant terms of the Group's loan agreements, the Proceeding might be considered as an event of default the occurrence of which will allow the lender to demand accelerated repayments for certain loans of the Group totalling approximately RMB1.1billion ("**Loan**"). However, up to the date of this interim announcement, the Group has not received any request from any lender of the Loan for any accelerated repayment. Further, the management of the Company consider that adequate collaterals have been provided to secure the Loan. Accordingly, no adjustment or reclassification of the Loan is made to reflect the impact of the Proceeding.

(ii) On 30 August 2019, a sale and purchase agreement is entered into between an independent third party (the "**Purchaser**"), Fullshare Value Fund I (A) L.P. (the "**Vendor**"), a joint venture of the Group, and the general partner of the Vendor, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the 100% of the issued and paid-up shares of Five Seasons XXII Limited ("**BVI SPV**"), a wholly owned subsidiary of the Vendor, subject to the terms and conditions thereof.

On the same day, the Company entered into a deed of guarantee with the Purchaser, pursuant to which, the Company agreed to guarantee to the Purchaser the due and punctual performance and observance by the Vendor of the Vendor's obligations under the sale and purchase agreement, subject to a maximum liability of up to SGD169,821,710 (equivalent to approximately RMB874,690,000). The Company also entered into a letter of authority with Five Seasons XXII Pte. Ltd. ("**Five Seasons**"), a wholly owned subsidiary of BVI SPV, pursuant to which, Five Seasons authorized the Company to represent Five Seasons in respect of the authorized matters and the Company agreed to (i) engage professional parties and bear all costs incurred thereto; and (ii) put Five Seasons in funds for any monies which Five Seasons is liable to pay, in relation to the authorized matters, subject to a maximum aggregate amount of up to SGD1,000,000 (equivalent to approximately RMB5,151,000).

Details of the deed of guarantee and the letter of authority are set out in the announcement of the Company dated 30 August 2019.

27. COMPARATIVE AMOUNTS

(a) During the current interim period, certain comparative figures included in the interim condensed consolidated statement of comprehensive income in respect of the six months ended 30 June 2018 have been reclassified and re-presented to conform with the presentation of Group's FS 2018 and current interim period.

(b) Certain balances included in the condensed consolidated statement of comprehensive income for the six months ended 30 June 2018 were restated on the basis of:

i) The restatement of expected credit loss impact (net of tax) of trade receivable with an amount of RMB35,315,000 for the six months ended 30 June 2018 as the result of adoption of HKFRS 9.

ii) The restatement of fair value gain impact (net of tax) of bills receivables classified as financial assets at fair value through other comprehensive income with an amount of RMB648,000 and the fair value gain impact (net of tax) of an equity investment classified as financial assets at fair value through other comprehensive income with an amount of RMB18,843,000 for the six months ended 30 June 2018 as the result of adoption of HKFRS 9.

BUSINESS REVIEW

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

(1) Property business

(a) Property sales

During the Period Under Review, the Group had contracted sales of approximately Renminbi ("**RMB**") 221,305,000, representing an increase of approximately 533% as compared with the six months ended 30 June 2018 (the "**Corresponding Period of 2018**"). The Group made contracted sales for an aggregate gross floor area ("**GFA**") of approximately 13,212 sq.m., representing an increase of approximately 463% as compared with the Corresponding Period of 2018. The contracted sales for the Period Under Review were mainly contributed by Yuhua Salon Project and Kunshan Herong Project. As at 30 June 2019, the Group's contracted sales for the contracts signed but properties not yet delivered were approximately RMB243,621,000 with a total GFA of 16,411 sq.m. The increase in contracted sales and GFA was mainly because most of the projects have still not yet fulfilled the conditions of pre-sale for the Corresponding Period of 2018. During the Period Under Review, the average contracted selling price was approximately RMB16,751 per sq.m., representing an increase of approximately 12% as compared with the Corresponding Period of 2018.

As at 30 June 2019, a breakdown of the major properties held by the Group in the People's Republic of China (the "**PRC**") and their construction status was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area *(sq.m.)*	GFA Completed *(sq.m.)*	GFA under construction *(sq.m.)*	Accumulated contracted sales GFA *(sq.m.)*	Interest attributable to the Group
Yuhua Salon (雨花客廳) A1	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	33,606	79,287	–	56,572	100%
Yuhua Salon (雨花客廳) A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office project	Under construction	Fourth quarter of 2019	30,416	–	81,380	–	100%
Yuhua Salon (雨花客廳) C South	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	42,639	133,832	–	69,288	100%
Yuhua Salon (雨花客廳) C North	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Apartment and commercial project	Completed	Completed	48,825	189,193	–	68,428	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	–	168,349	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	–	45,001	100%
					283,756	762,529	81,380	407,638	

(b) Investment properties

As at 30 June 2019, 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	82,744	100%
Yuhua Salon（雨花客廳） (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	2,811	100%
Nantong					
Nantong Youshan Meidi Garden Project（南通優山美地花園項目）	No. 1888, Xinghu Avenue, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building（匯通大廈項目）	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project（鎮江優山美地花園項目）	At the cross of Guyang North Road and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC	Commercial	Medium-term covenant	10,085	100%
Weihai					
Weihai Project（威海項目）	Block 1, No. 229, Rongshan Road, Chengshan, Rongcheng City, Weihai, Shandong Province, the PRC	Commercial	Medium-term covenant	6,472	100%
				244,054	

(c) Green building services and entrusted construction services

During the Period Under Review, the Group engaged in provision of technical design and consulting services, green management services and entrusted construction services in the PRC. During the Period Under Review, the revenue from both green building services and entrusted construction services was approximately RMB12,148,000 (six months ended 30 June 2018: RMB45,606,000).

(2) Tourism business

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

Currently, the Group has engaged in tourism supply chain business, involving serving as a domestic and overseas procurement agency and the provision of centralised procurement services for the upstream and downstream of the tourism supply chain, including purchasing air tickets, booking hotels, purchasing entrance tickets and designing traveling routes on behalf of 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) platform, credit risk control system and financial support platform, so as to support and improve the tourism supply chain and the businesses of supply chain to platform to business (S2B), business to business to consumer (B2B2C).

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

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. During the Period under Review, 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 a total GFA of approximately 62,328 sq.m.

Nanjing Five Seasons Hotel is located in the Software Valley, Nanjing, Jiangsu Province, and covers a land lot site area of 30,416 sq.m., with a total GFA of 81,380 sq.m. The hotel is expected to open for business in the forth 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 healthcare resort with a land lot site area of 61,689 sq.m. The compilation of the detailed planning and design proposal for construction has been completed.

During the Period Under Review, the revenue from tourism business was approximately RMB169,044,000 (six months ended 30 June 2018: RMB68,168,000).

(3) Investment and financial services business

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

(a) Listed equity investments held for trading

The portfolio of listed equity investments of the Group held for trading as at 30 June 2019 and 31 December 2018 is set out as below:

As at 30 June 2019

Stock code	Name	Number of shares held *(Note 2)*	Effective shareholding interest	Acquisition cost *RMB'000*	Carrying amount *RMB'000*	Unrealised holding gain/ (loss) arising on revaluation for the period *RMB'000*	Realised gain/ (loss) arising from disposal for the period *RMB'000*	Dividend received/ receivable for the period *RMB'000*
153.HK *(Note 1)*	China Saite Group Company Limited	190,120,000	7.34%	88,646	38,599	(22,858)	176	–
1908.HK *(Note 1)*	C&D International Investment Group Limited	33,032,000	3.86%	120,383	283,932	87,172	13,199	–
2098.HK *(Note 1)*	Zall Group	949,224,000	8.06%	947,452	875,989	(2,641,746)	–	–
8307.HK *(Note 1)*	Medicskin Holdings Limited	80,000,000	16.47%	45,334	21,094	4,104	–	–
					1,219,614	(2,573,328)	13,375	–

Notes:

1. All of the above companies are listed companies on the SEHK.

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

As at 31 December 2018

Stock code	Name	Number of shares held *(Note 3)*	Effective shareholding interest	Acquisition cost *RMB'000*	Carrying amount *RMB'000*	Unrealised holding gain/ (loss) arising on revaluation for the year *RMB'000*	Realised gain/ (loss) arising from disposal for the year *RMB'000*	Dividend received/ receivable for the year *RMB'000*
153.HK *(Note 1)*	China Saite Group Company Limited	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%	947,452	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 SEHK.

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.

The performance and prospect of the Group's major listed securities investment during the Period Under Review are as follows:

Zall Group

The principal activities of Zall Group include developing and operating large-scale product-focused wholesale shopping malls which focus on sales of consumer goods and the related value-added businesses, such as warehousing, logistics, e-commerce and financial services in the PRC. The Group held 949,224,000 shares in Zall Group, representing approximately 8.06% of its entire issued capital as at 30 June 2019 (31 December 2018: 8.13%). The carrying amount of the investment in Zall Group accounted for approximately 2% of the Group's total assets as at 30 June 2019 (31 December 2018: 7%). Though the net profit of Zall Group dropped recently, 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. The Group is of the view that the unrealised loss derived from holding Zall Group is non-cash in nature and relates to the change in fair value of the Group's investment in Zall Group that is volatile in nature. The unrealised holding loss will not adversely affect the Group's operating financial positions. The Group will closely monitor the performance of its investment and adjust its investment plan and portfolio when necessary.

(b) Other investments

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

(c) Investment and financial related consulting services

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

During the Period Under Review, this segment recorded a loss of approximately RMB2,784,742,000 (six months ended 30 June 2018: profit of approximately RMB969,708,000). The significant change is mainly derived from the fair value changes in financial instruments which are relatively volatile in nature. The loss before tax from the fair value changes in financial instruments for the Period Under Review of approximately RMB2,542,845,000 (six months ended 30 June 2018: gain before tax of approximately RMB855,181,000) was mainly attributable to changes in share price of Zall Group. The loss from fair value changes after tax in the financial instruments at fair value through other comprehensive income was approximately RMB16,781,000 (six months ended 30 June 2018: gain after tax of approximately RMB116,836,000). As at 30 June 2019, the total amount of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income held by the Group were approximately RMB4,455,503,000 and RMB4,812,568,000 (31 December 2018: RMB7,352,513,000 and RMB4,904,854,000) respectively.

(4) Healthcare and education business and others

During the Period Under Review, the Group continued to identify appropriate investment opportunities to inject new impetus for the sustainable development of healthcare and education businesses. The revenue of healthcare and education segment was RMB162,020,000 (six months end 30 June 2018: RMB117,136,000).

(5) New energy segment

The segment is principally engaged in research, design, development, manufacture and distribution of various types of mechanical transmission equipment for a broad range of applications in wind power generation and industrial use. During the Period Under Review, the new energy business recorded sales revenue of approximately RMB4,194,897,000 (six months ended 30 June 2018: RMB3,466,794,000), representing an increase of approximately 21% as compared with the Corresponding Period of 2018.

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

Currently, the Group maintains a strong customer portfolio. Customers of its wind power business include the major wind turbine manufacturers in the PRC, as well as 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 to 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 was developed by the Group. During the Period Under Review, sales revenue of wind gear transmission equipment business increased by approximately 23.5% to approximately RMB3,391,348,000 (six months ended 30 June 2018: RMB2,746,132,000) as compared with the Corresponding Period of 2018.

(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 IOS/TS 22163 Certificate for the Quality Management System of International Railway Industry for its rail transportation products, which has laid a solid foundation for the Group's rail transportation products to expand into high-end international railway markets. Currently the products have been successfully applied to rail transportation transmission equipment in Beijing, Shanghai, Shenzhen, Nanjing, and other cities in China and have also been successfully applied to rail transportation transmission equipment in multiple countries and regions such as Hong Kong, Singapore, Brazil, Netherland, India, Mexico, Tunisia, Australia and Canada. 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 boxes that are used in the metro of Shanghai, Hong Kong and Melbourne are PDM385 type two-stage metro gear box, which were 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 have a lifetime of approximately of 35 years.

During the Period under Review, the industrial gear business segment generated sales revenue of approximately RMB634,370,000 for the Group (six months ended 30 June 2018: RMB601,515,000), representing an increase of 5.5% as compared with the Corresponding Period of 2018.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately RMB919,981,000, or 24%, from approximately RMB3,883,888,000 for the Corresponding Period of 2018 to approximately RMB4,803,869,000 for the Period Under Review. The revenue and the changes for the Period Under Review and Corresponding Period of 2018 derived from different segments are listed as below:

Segment	**Period Under Review**	**Corresponding Period of 2018**	**Changes**	
	RMB'000	*RMB'000*	*RMB'000*	*percentage*
Properties	253,662	226,731	26,931	12%
Tourism	169,044	68,168	100,876	148%
Investment and financial services	24,246	5,059	19,187	378%
Healthcare, education and others	162,020	117,136	44,884	38%
New energy	4,194,897	3,466,794	728,103	21%
Total Revenue	4,803,869	3,883,888	919,981	24%

The increment of the revenue of the Group mainly derived from the following segments:

(i) New energy segment contributed the largest increment to the revenue of the Group in the amount of approximately RMB728,103,000. It was mainly due to the increase in market demand of wind gear transmission equipment which led to the increase of delivery.

(ii) The revenue from tourism segment increased by approximately RMB100,876,000, which was mainly because more efforts have been made by the Group on tourism supply chain business to improve the overall revenue of tourism segment during the Period Under Review.

Cost of sales

The cost of sales of the Group increased by approximately RMB878,999,000, or 29%, from approximately RMB2,994,132,000 for the Corresponding Period of 2018 to approximately RMB3,873,131,000 for the Period Under Review. The cost and changes for the Period Under Review and Corresponding Period of 2018 derived from different segments are listed as below:

Segment	Period Under Review	Corresponding Period of 2018	Changes	
	RMB'000	*RMB'000*	*RMB'000*	*percentage*
Properties	105,882	81,883	23,999	29%
Tourism	171,596	91,416	80,180	88%
Investment and financial services	4,985	921	4,064	441%
Healthcare, education and others	132,028	105,495	26,533	25%
New energy	3,458,640	2,714,417	744,223	27%
Total cost	3,873,131	2,994,132	878,999	29%

Gross profit and gross profit margin

The gross profit of the Group increased by approximately RMB40,982,000, or 5%, from approximately RMB889,756,000 in the Corresponding Period of 2018 to approximately RMB930,738,000 for the Period Under Review. The gross profit margin decreased from 23% in the Corresponding Period of 2018 to 19% for the Period Under Review. The gross profit of the Group was mainly derived from properties segment and new energy segment. The gross profit and gross profit margin for the Period Under Review derived from the properties segment and new energy segment were approximately RMB147,780,000 and 58%, and RMB736,257,000 and 18% respectively. The gross profit and gross profit margin in the Corresponding Period of 2018 derived from the properties segment and new energy segment were approximately RMB144,848,000 and 64%, and RMB752,377,000 and 22% respectively. The decrease in gross profit margin of the properties segment was mainly due to the gross profit margin of the properties projects that were delivered during the Period Under Review is lower than that delivered in the Corresponding Period of 2018. In addition, the decrease in the gross profit margin of the new energy segment was mainly due to the decline in selling price of certain products and the increase in cost of sales.

Selling and distribution expenses

Selling and distribution expenses of the Group increased slightly by approximately RMB3,912,000, or 2%, from approximately RMB201,220,000 in the Corresponding Period of 2018 to approximately RMB205,132,000 for the Period Under Review. The selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses and staff costs.

Administrative expenses

Administrative expenses of the Group increased by approximately RMB17,785,000, or 3%, from approximately RMB524,289,000 in the Corresponding Period of 2018 to approximately RMB542,074,000 for the Period Under Review. The administrative expenses for the Period Under Review mainly included salaries and staff welfare, sponsorship fees and depreciation and amortization of tangible and intangible assets. No material fluctuation recorded for both periods.

Research and development costs

Research and development costs of the Group increased by approximately RMB43,869,000, or 37%, from approximately RMB120,008,000 in the Corresponding Period of 2018 to approximately RMB163,877,000 for the Period Under Review. Increase in research and development costs was mainly due to the increase in efforts put on research and development of new products.

Credit impairment losses on the financial assets

The credit impairment losses on the financial assets of the Group increased by approximately RMB355,693,000 or 891%, from approximately RMB39,940,000 in the Corresponding Period of 2018 to approximately RMB395,633,000 for the Period Under Review. Increase in the credit impairment losses was mainly due to the increment of the expected loss rate of loans receivables.

Other income

Other income of the Group decreased by approximately RMB45,588,000, or 10%, from approximately RMB440,427,000 in the Corresponding Period of 2018 to approximately RMB394,839,000 for the Period Under Review. Other income for the Period Under Review mainly included other interest income of approximately RMB171,274,000 and dividend income of approximately RMB60,265,000. Other income in the Corresponding Period of 2018 mainly included other interest income of approximately RMB195,610,000 and dividend income of approximately RMB161,226,000.

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 RMB2,542,845,000 for the Period Under Review, as compared to a gain on change in fair value of approximately RMB855,181,000 in the Corresponding Period of 2018. The fair value change mainly derived from listed equity investments. The Group recorded a significant fair value loss in the Period Under Review mainly due to the share price decrease of 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.

Finance costs

Finance costs of the Group decreased by approximately RMB46,243,000, or 9%, from approximately RMB499,555,000 in the Corresponding Period of 2018 to approximately RMB453,312,000 for the Period Under Review, which was mainly due to the lower average borrowing amount of the Group for the Period Under Review than in the Corresponding Period of 2018.

Share of result of joint ventures

The Group's share of loss from its joint ventures increased from approximately RMB11,209,000 in the Corresponding Period of 2018 to approximately RMB231,341,000 for the Period Under Review. It was mainly because of the impairment loss recognized by the investee of Fullshare Value Fund I L.P.

Income tax credit/expense

For the Period Under Review, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB77,713,000 and RMB653,901,000 respectively, and in the Corresponding Period of 2018, the current and the deferred tax expense amounted to approximately RMB83,102,000 and RMB103,517,000, respectively.

The deferred tax credit for the Period Under Review was mainly derived from the fair value loss in financial instruments of approximately RMB412,907,000 and net impairment losses on financial assets of approximately RMB98,675,000. The deferred tax expense in the Corresponding Period of 2018 was mainly derived from the fair value gain in financial instruments of approximately RMB150,076,000 and reversal of deferred tax liabilities of approximately RMB22,811,000 recognized at the date of acquisition of China High Speed Transmission Equipment Group Co., Ltd. when the inventories were sold and non-current assets were depreciated and amortised.

Loss/profit for the Period Under Review

For the Period Under Review, the Group recorded a loss after tax of approximately RMB2,631,391,000. In the Corresponding Period of 2018, the Group recorded a profit after tax of approximately RMB512,648,000. Compared with the Corresponding Period of 2018, the change from profit to loss was mainly due to the decrease in net fair value after tax in financial instruments of approximately RMB2,834,938,000 and the increase in credit impairment losses on financial assets after tax of approximately RMB260,709,000.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

Cash position

As at 30 June 2019, the Group had cash and cash equivalents of approximately RMB1,364,355,000 (31 December 2018: approximately RMB2,536,801,000), representing a decrease of approximately RMB1,172,446,000 or 46% as compared to 31 December 2018.

Bank and other borrowings

As at 30 June 2019, bank and other borrowings of the Group amounted to approximately RMB8,869,758,000 including bank loans of approximately RMB5,326,383,000 and other borrowings of approximately RMB3,543,375,000. Among total bank and other borrowings, approximately RMB5,629,879,000 were repayable within one year, approximately RMB2,344,964,000 were repayable over one year but not exceeding two years, approximately RMB429,877,000 were repayable over two years but not exceeding five years and approximately RMB465,038,000 were repayable over five years.

The borrowings balance decreased by approximately RMB1,594,660,000 or 15%, from 31 December 2018 to 30 June 2019.

Corporate bonds

As at 30 June 2019, the corporate bonds of the Group amounted to approximately RMB2,420,650,000 (31 December 2018: RMB2,420,085,000). The interest rate was fixed, the balances of approximately RMB897,572,000 were repayable within one year, the balances of approximately RMB1,523,078,000 were repayable over one year but not exceeding two years. The corporate bonds of approximately RMB2,411,899,000 and RMB8,751,000 were denominated in RMB and Hong Kong dollars respectively.

Leverage

As at 30 June 2019, total cash and cash equivalents of the Group amounted to approximately RMB1,364,355,000 (31 December 2018: RMB2,536,801,000), excluding restricted cash. Total balances of bank and other borrowings and corporate bonds amounted to approximately RMB11,290,408,000 as at 30 June 2019 (31 December 2018: RMB12,884,503,000). The gearing ratio of the Group as at 30 June 2019, calculated as a ratio of the sum of bank and other borrowings and corporate bonds to total assets, was approximately 25% (31 December 2018: 26%). The net equity of the Group as at 30 June 2019 was approximately RMB21,084,615,000 (31 December 2018: approximately RMB23,900,537,000).

As at 30 June 2019, the Group recorded total current assets of approximately RMB23,538,402,000 (31 December 2018: RMB27,966,791,000) and total current liabilities of approximately RMB18,043,667,000 (31 December 2018: RMB18,625,456,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.3 as at 30 June 2019 (31 December 2018: 1.5).

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

As at 30 June 2019, bank and other borrowings of approximately RMB6,150,367,000, RMB1,810,424,000, RMB658,834,000, nil and RMB250,133,000 were denominated in RMB, US dollars, Hong Kong dollars, Euros and Australia dollars respectively (31 December 2018: RMB7,280,882,000, RMB2,023,741,000, RMB647,237,000, RMB269,084,000 and RMB243,474,000). The balances of bank and other borrowings and corporate bonds of approximately RMB7,736,803,000 (31 December 2018: RMB9,179,425,000) were at fixed interest rates, the remaining balances were either at variable rates or non-interest bearing. Cash and cash equivalents held by the Group were mainly denominated in RMB, Hong Kong dollars and Australia dollars. The Group currently does not have foreign exchange and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

As at 30 June 2019, trade and bills receivables and trade and bills payables of the Group were approximately RMB5,100,850,000 and RMB6,056,069,000 (31 December 2018: RMB6,000,069,000 and RMB6,519,944,000), 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 30 June 2019 are set out in note 25 to the interim result in this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS

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

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the Period Under Review are set out in note 4 to the interim result in this announcement.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 30 June 2019 are set out in note 24 to the interim result in this announcement.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2019 are set out in note 23 to the interim result in this announcement.

SUBSEQUENT EVENTS

Details of the subsequent events of the Group are set out in note 26 to the interim result in this announcement.

PROSPECT

In the second half of 2019, the Group will proceed its business by centering on 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 Group will, through self-operation, investment in equities, cooperation and other possible methods, establish its presence in terms of resources, 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 a complete industrial hierarchy, full business synergy and sound transaction logic. Through resource integration, the Group will be able to enhance its market competitiveness, meet the demands of customer groups and partners, and expect to achieve the anticipated return on investments.

Stable development is one of the principal targets of the Group for the second half of 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 capital utilisation, strengthen internal corporate governance, control operational risks and enhance its risk resistance capability.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EMPLOYEES

As at 30 June 2019, the Group had 6,583 employees (31 December 2018: 6,652 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB836,233,000 for the Period Under Review (for the six months ended 30 June 2018: approximately RMB801,804,000). 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 the share option scheme and 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.

CORPORATE GOVERNANCE CODE

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

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

AUDIT COMMITTEE REVIEW

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The 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 currently comprises three independent non-executive Directors, namely, Mr. Chow Siu Lui (chairman), Mr. Lau Chi Keung and Mr. Tsang Sai Chung.

The unaudited interim condensed consolidated financial statements for the Period Under Review have been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

By Order of the Board
Fullshare Holdings Limited
JI CHANGQUN
Chairman

Hong Kong, 30 August 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.