豐盛
FULLSHARE

Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The board (the "**Board**") of directors (the "**Directors**") of Fullshare Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019 (the "**Year 2019**"), together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019

	Note	**2019** *RMB'000*	2018 *RMB'000*
Revenue	*4, 5(i)*	**11,163,103**	10,288,651
Cost of sales and services	*7*	**(8,858,077)**	(8,320,984)
Gross profit		**2,305,026**	1,967,667
Selling and distribution expenses	*7*	**(504,746)**	(418,525)
Administrative expenses	*7*	**(918,625)**	(1,047,603)
Research and development costs	*7*	**(404,238)**	(347,707)
Net impairment losses on financial assets	*3*	**(510,068)**	(161,281)
Other income		**673,640**	809,718
Fair value changes in financial instruments	*6*	**(2,824,876)**	(3,555,856)
Other (losses)/gains – net		**(26,436)**	168,264
Operating loss		**(2,210,323)**	(2,585,323)
Finance costs	*8*	**(827,352)**	(948,747)
Share of results of joint ventures		**(252,047)**	(22,327)
Share of results of associates		**76,046**	14,369

	Note	2019 RMB'000	2018 RMB'000
Loss before tax		**(3,213,676)**	(3,542,028)
Income tax credit	*9*	**369,558**	479,571
Loss for the year		**(2,844,118)**	(3,062,457)
Other comprehensive (loss)/income for the year:			
Items that may be reclassified to profit or loss:			
– Exchange differences on translation of foreign operations		**(43,219)**	307,998
– Changes in the fair values of debt instruments at fair value through other comprehensive income		**(9,005)**	15,317
– Share of other comprehensive loss of associates		**(50,392)**	(54,535)
– Income tax relating to these items		**1,724**	(3,829)
Items that may not be reclassified to profit or loss:			
– Changes in the fair values of equity instruments at fair value through other comprehensive income		**49,477**	(212,261)
– Income tax relating to these items		**(43,701)**	11,250
Other comprehensive (loss)/income for the year, net of tax		**(95,116)**	63,940
Total comprehensive loss for the year		**(2,939,234)**	(2,998,517)
(Loss)/profit for the year attributable to:			
– Equity shareholders of the Company		**(2,874,192)**	(3,029,954)
– Non-controlling interests		**30,074**	(32,503)
		(2,844,118)	(3,062,457)
Total comprehensive (loss)/income for the year attributable to:			
– Equity shareholders of the Company		**(2,994,493)**	(2,949,363)
– Non-controlling interests		**55,259**	(49,154)
		(2,939,234)	(2,998,517)
Loss per share attributable to equity shareholders of the Company			
Basic loss per share	*11*	**RMB(0.146)**	RMB(0.154)
Diluted loss per share	*11*	**RMB(0.146)**	RMB(0.154)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2019

	Note	2019 *RMB'000*	2018 *RMB'000*
Non-current assets			
Property, plant and equipment		**5,726,220**	5,311,773
Investment properties		**4,019,290**	4,103,960
Prepaid land lease payments		**–**	1,148,500
Right-of-use assets		**1,667,466**	–
Goodwill		**2,089,430**	2,043,033
Other intangible assets		**505,564**	586,623
Investments in joint ventures		**387,025**	1,060,904
Investments in associates		**1,724,784**	1,741,240
Financial assets at fair value through other comprehensive income	*13*	**3,443,298**	3,536,398
Financial assets at fair value through profit or loss	*12*	**588,517**	980,867
Loans receivables	*14*	**48,217**	62,725
Other financial assets at amortised cost	*14*	**1,019,182**	967,255
Other receivables	*14*	**12,075**	127,381
Prepayments		**186,787**	35,659
Deferred tax assets		**570,453**	383,594
		21,988,308	22,089,912
Current assets			
Inventories		**2,588,785**	2,315,713
Prepaid land lease payments		**–**	24,438
Trade receivables	*15*	**2,465,152**	4,634,278
Consideration receivables	*14*	**183,678**	342,480
Loans receivables	*14*	**2,705,794**	2,484,263
Prepayments		**302,079**	614,779
Other receivables	*14*	**2,571,609**	988,205
Other financial assets at amortised cost	*14*	**254,050**	205,861
Income tax prepaid		**39,460**	88,155
Financial assets at fair value through other comprehensive income	*13*	**2,880,568**	1,368,456
Financial assets at fair value through profit or loss	*12*	**1,540,270**	6,371,646
Properties under development		**190,677**	932,837
Properties held for sale		**553,432**	718,528
Restricted cash		**2,731,254**	2,939,170
Cash and cash equivalents		**2,797,003**	2,536,801
Assets of disposal group classified as held-for-sale		**–**	1,401,181
		21,803,811	27,966,791

	Note	2019 RMB'000	2018 RMB'000
Current liabilities			
Trade and bills payables	*16*	**6,090,338**	6,519,944
Other payables and accruals	*17*	**3,116,778**	3,177,494
Contract liabilities	*5(ii)*	**575,808**	413,432
Corporate bonds	*19*	**1,923,316**	–
Lease liabilities		**39,808**	–
Bank and other borrowings	*18*	**5,199,030**	7,020,106
Income tax payable		**824,593**	833,814
Warranty provision		**216,868**	90,373
Deferred income		**23,944**	28,494
Liabilities of disposal group classified as held-for-sale		**–**	541,799
		18,010,483	18,625,456
Net current assets		**3,793,328**	9,341,335
Total assets less current liabilities		**25,781,636**	31,431,247
Non-current liabilities			
Corporate bonds	*19*	**498,437**	2,420,085
Bank and other borrowings	*18*	**2,531,387**	3,444,312
Derivative financial instruments		**59,952**	–
Deferred income		**185,189**	65,752
Lease liabilities		**404,855**	–
Warranty provision		**97,164**	72,528
Deferred tax liabilities		**1,136,831**	1,528,033
		4,913,815	7,530,710
Net assets		**20,867,821**	23,900,537
Capital and reserves			
Share capital		**160,872**	161,084
Reserves		**17,447,686**	20,534,416
Equity attributable to equity shareholders of the Company		**17,608,558**	20,695,500
Non-controlling interests		**3,259,263**	3,205,037
Total equity		**20,867,821**	23,900,537

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Fullshare Holdings Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is changed from Units 10-12, Level 43, Champion Tower, Three Garden Road, Central, Hong Kong to Unit 2805, Level 28, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, Hong Kong with effect from 1 September 2019. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**").

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

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

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

The consolidated financial information were approved for issue by the Board of Directors on 31 March 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

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

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019 as disclosed in Note 2.2. The other amendments and interpretation described above are either currently not relevant to the Group or had no material impact on the Group's financial performance and position.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and amendments listed below have been published but are not mandatory to be adopted for the year ended 31 December 2019 and have not been early adopted by the Group. The standards and amendments are either currently not relevant to the Group or had no material impact on the Group's consolidated financial information.

- Amendments to HKFRS 10 and HKAS 28 on 'Sale or contribution of assets between an investor and its associate or joint venture', the effective date of the amendments have been deferred by the HKICPA

- Amendments to HKFRS 3 on 'Definition of a business', effective for the accounting period beginning on or after 1 January 2020

- Revised conceptual framework for financial reporting, effective for the accounting period beginning on or after 1 January 2020

- Amendments to HKAS 1 and HKAS 8 on 'Definition of Material', effective for the accounting period beginning on or after 1 January 2020

- New financial reporting standard, HKFRS 17, 'Insurance Contracts', effective for the accounting period beginning on or after 1 January 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies

This note explains the impact on the adoption of HKFRS 16, Leases, on the Group's consolidated financial information.

As indicated in Note 2.1 above, the Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the year ended 31 December 2018, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17. 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%.

(i) Practical expedients applied

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

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to perform an impairment review – there were no onerous contracts as at 1 January 2019;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- Using 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 by applying HKAS 17 and Hong Kong (IFRIC) Interpretation 4 'Determining whether an Arrangement contains a Lease'.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(ii) Measurement of lease liabilities

	RMB'000
Operating lease commitments as at 31 December 2018	**327,288**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**(85,871)**
	241,417
Less: Short-term leases that are not recognised as lease liabilities	**(5,819)**
Less: Low-value leases that are not recognised as lease liabilities	**(3,210)**
Less: Lease contracts entered into before 31 December 2018 and the leases 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**
Lease liabilities recognised as at 1 January 2019	**251,996**
Represented:	
– Current portion of lease liabilities	**17,801**
– Non-current portion of lease liabilities	**234,195**
	251,996

(iii) Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the prepaid or accrued lease payments relating to that lease that were recognised in the consolidated statement of financial position as at 31 December 2018.

(iv) Adjustments recognised in the consolidated statement of financial position on 1 January 2019

The following items were recognised upon the adoption of HKFRS 16 in the consolidated statement of financial position on 1 January 2019:

- Right-of-use assets – increase by RMB1,380,459,000
- Prepaid land lease payments – decrease by RMB1,172,938,000
- Lease liabilities – increase by RMB251,996,000
- Deferred tax asset – increase by RMB13,863,000

The net impact on retained earnings and non-controlling interests on 1 January 2019 were a decrease of RMB30,754,000 and an increase of RMB142,000 respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

3 FINANCIAL RISK MANAGEMENT

Credit risk

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

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

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

- internal credit rating;

- external credit rating;

Credit risk (Continued)

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

(a) Trade receivables

The expected credit losses ("ECL") provision as at 31 December 2019 and 2018 was determined as follows:

2019	**Less than 1 year** *RMB'000*	**More than 1 year** *RMB'000*	**More than 2 years** *RMB'000*	**More than 3 years** *RMB'000*	**More than 4 years** *RMB'000*	**Total** *RMB'000*
ECL rate	**2.97%**	**23.61%**	**44.35%**	**82.73%**	**100.00%**	**15.35%**
Gross carrying amount under ECL model (excluding those debtors of which 100% loss allowances has been provided)	**2,293,052**	**189,142**	**155,851**	**52,320**	**221,827**	**2,912,192**
Loss allowances under ECL model	**(68,156)**	**(44,649)**	**(69,125)**	**(43,283)**	**(221,827)**	**(447,040)**
100% Loss allowances specifically provided	**(1,873)**	**(24,861)**	**(56,320)**	**(6,652)**	**(11,740)**	**(101,446)**
Loss allowances	**(70,029)**	**(69,510)**	**(125,445)**	**(49,935)**	**(233,567)**	**(548,486)**
Net carrying amount	**2,224,896**	**144,493**	**86,726**	**9,037**	**–**	**2,465,152**

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

(a) Trade receivables (Continued)

2018	Less than 1 year *RMB'000*	More than 1 year *RMB'000*	More than 2 years *RMB'000*	More than 3 years *RMB'000*	More than 4 years *RMB'000*	Total *RMB'000*
ECL rate	1.89%	16.00%	24.28%	77.48%	100.00%	9.05%
Gross carrying amount under ECL model (excluding those debtors of which 100% loss allowances has been provided)	4,232,505	391,590	183,972	59,803	227,319	5,095,189
Loss allowances under ECL model	(79,927)	(62,662)	(44,668)	(46,335)	(227,319)	(460,911)
100% Loss allowances specifically provided	(26,734)	(56,462)	(6,510)	(269)	(681)	(90,656)
Loss allowances	(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

The movements of ECL provision for trade receivables during the year ended 31 December 2019 and 2018 are as follows:

	2019 ***RMB'000***	2018 *RMB'000*
ECL provision as at 1 January	**551,567**	645,127
Provision for loss allowances recognised in profit or loss	**15,998**	45,409
Uncollectible receivables written off during the year	**(19,079)**	(7,782)
Transferred to disposal group classified as held-for-sale	**–**	(131,187)
ECL provision as at 31 December	**548,486**	551,567

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

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

As at 31 December 2019 and 2018, the Group provided the ECL provision against financial assets at amortised cost (excluding trade receivables) as follows:

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

Note:

(i) 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.

(ii) At the time of disposal of the subsidiaries during the year, the management reassessed the collectibility of certain amounts due from these subsidiaries and considered these amounts were probably not recoverable. An impairment loss of approximately RMB405,239,000 was recognised, which was included in the calculation of the gain on disposal of disposal group. Accordingly, the expected loss rate for other receivables increased in a greater extent.

	ECL rate	Gross carrying amount *RMB'000*	ECL provision *RMB'000*	Carrying amount (net of provision for loss allowances) *RMB'000*
2018				
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 amortised cost	0.01%	1,173,188	(72)	1,173,116
		5,420,530	(242,360)	5,178,170

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

(b) Financial assets at amortised cost (excluding trade receivables) (Continued)

The movements of ECL provision for financial assets at amortised cost (excluding trade receivables) during the year ended 31 December 2019 and 2018 are as follows:

	Loans receivables *RMB'000*	Consideration receivables *RMB'000*	Other receivables *RMB'000*	Other financial assets at amortised cost *RMB'000*	Total *RMB'000*
Credit loss provision – HKAS 39	–	–	16,470	–	16,470
Opening credit losses provision as at 1 January 2018 – calculated under HKFRS 9	106,912	3,070	3,150	–	113,132
ECL provision at 1 January 2018	106,912	3,070	19,620	–	129,602
Provision for loss allowances recognised in profit or loss	10,075	74,024	31,701	72	115,872
Transferred to disposal group classified as held-for-sale	–	–	(3,114)	–	(3,114)
ECL provision as at 31 December 2018 and 1 January 2019	116,987	77,094	48,207	72	242,360
Provision for loss allowances recognised (reversed) in profit or loss	497,263	(75,726)	72,240	293	494,070
Uncollectible receivables written off during the year	–	–	(17,047)	–	(17,047)
Provision for loss allowances recognised in disposal group	–	–	405,239	–	405,239
ECL provision as at 31 December 2019	614,250	1,368	508,639	365	1,124,622

4 OPERATING SEGMENT INFORMATION

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

- Properties – invest, develop and sale of properties, and provision of construction related services;

- Tourism – hotel operations, sale of tourist goods and provision of related services;

- Investment and financial services – holding and investing in a variety of investments and financial products with potential or for strategic purposes including but not limited to listed and unlisted securities, bonds, funds, derivatives, structured and other treasury products; and rendering the investment and financial related consulting services;

- Healthcare, education and others – sale of healthcare and education products and provision of related services and sale of other products; and

- New energy – manufacture and sale of mechanical transmission equipment products.

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

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

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

4 OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2019					
	Properties	**Tourism**	**Investment and financial services**	**Healthcare, education and others**	**New energy**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:						
Sales to external customers	**525,904**	**371,624**	**45,273**	**350,514**	**9,869,788**	**11,163,103**
Fair value changes in financial instruments	**–**	**–**	**(2,824,876)**	**–**	**–**	**(2,824,876)**
Segment results	**31,891**	**(34,851)**	**(3,222,296)**	**41,452**	**635,446**	**(2,548,358)**
Reconciliation:						
Unallocated bank interest income						**82,168**
Gain on disposal of subsidiaries						**39,098**
Loss on disposal of associates						**(5,093)**
Gain on disposal of a joint venture						**1,469**
Gain on disposal of disposal group						**28,237**
Unallocated income and losses						**86,922**
Corporate and other unallocated expenses						**(70,767)**
Finance costs *(Note 8)*						**(827,352)**
Loss before tax						**(3,213,676)**
Segment assets	**8,081,372**	**795,851**	**8,637,192**	**1,166,761**	**18,718,805**	**37,399,981**
Reconciliation:						
Corporate and other unallocated assets						**6,392,138**
Total assets						**43,792,119**
Segment liabilities:	**977,779**	**52,524**	**192,989**	**458,736**	**8,017,159**	**9,699,187**
Reconciliation:						
Corporate and other unallocated liabilities						**13,225,111**
Total liabilities						**22,924,298**

	For the year ended 31 December 2019						
	Properties *RMB'000*	Tourism *RMB'000*	Investment and financial services *RMB'000*	Healthcare, education and others *RMB'000*	New energy *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Other segment information:							
Share of results of joint ventures	**(267,891)**	**–**	**–**	**–**	**15,844**	**–**	**(252,047)**
Share of results of associates	**90,793**	**(54)**	**–**	**(3,601)**	**(11,092)**	**–**	**76,046**
Impairment loss on property, plant and equipment	**–**	**–**	**–**	**–**	**8,003**	**–**	**8,003**
Impairment loss on goodwill	**–**	**–**	**54,000**	**–**	**–**	**–**	**54,000**
Net (reversal of impairment losses)/ impairment losses on financial assets	**(16,406)**	**1,368**	**528,828**	**–**	**–**	**(3,722)**	**510,068**
Depreciation and amortisation	**6,706**	**27,495**	**2,422**	**27,397**	**608,397**	**4,340**	**676,757**
Investments in joint ventures	**275,815**	**–**	**–**	**–**	**111,210**	**–**	**387,025**
Investments in associates	**1,369,102**	**20,069**	**–**	**159,812**	**175,801**	**–**	**1,724,784**
Capital expenditure*	**293,232**	**32,931**	**4,717**	**173,040**	**799,817**	**41,827**	**1,345,564**

4 OPERATING SEGMENT INFORMATION (Continued)

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

4 OPERATING SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2018						
	Properties	Tourism	Investment and financial services	Healthcare, education and others	New energy	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information:							
Share of results of joint ventures	(50,478)	23,412	–	–	4,739	–	(22,327)
Share of results of associates	61,940	122	–	(55,738)	8,045	–	14,369
Impairment loss on goodwill	–	–	30,232	–	–	–	30,232
Net impairment losses recognised on financial assets	10,087	1,431	10,812	307	62,116	76,528	161,281
Depreciation and amortisation	2,184	23,587	31,894	8,059	626,136	863	692,723
Investments in joint ventures	778,702	–	–	–	282,202	–	1,060,904
Investments in associates	1,289,054	20,122	–	218,885	213,179	–	1,741,240
Capital expenditure*	190,940	9,997	12,431	8,733	650,197	5	872,303

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

(i) Revenue from external customers by locations of customers

	2019	2018
	RMB'000	*RMB'000*
People's Republic of China ("PRC")	**7,798,746**	7,057,993
United States of America	**2,043,995**	1,807,691
Europe	**521,225**	459,020
Australia	**488,079**	427,277
Other countries	**311,058**	536,670
	11,163,103	10,288,651

4 OPERATING SEGMENT INFORMATION (Continued)

(ii) Non-current assets by locations of assets

	2019	2018
	RMB'000	*RMB'000*
PRC	**12,895,522**	11,973,304
Australia	**1,110,636**	1,072,937
United States of America	**154,886**	159,705
Other countries	**33,713**	23,602
	14,194,757	13,229,548

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

(iii) Changes in accounting policy

The adoption of HKFRS16 as described in Note 2.2 had increased segment assets and segment liabilities of the following segments at 31 December 2019:

	Unallocated – corporate	**Tourism**	**Healthcare, education and others**
	RMB'000	*RMB'000*	*RMB'000*
Segment assets	28,483	6,117	357,617
Segment liabilities	31,713	6,303	406,648

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the above items is not entirely comparable to the information disclosed in 2018.

Loss per share for the year ended 31 December 2019 was not significantly affected by the adoption of HKFRS 16.

(iv) Information about major customers

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

	2019	2018
	RMB'000	*RMB'000*
Customer A*	**2,980,529**	3,001,454
Customer B*	**1,224,934**	1,051,823

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

5 DISAGGREGATION OF REVENUE

(i) Revenue from contracts with customers

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

	2019	2018
	RMB'000	*RMB'000*
Properties segment:		
– Property development and sales	**269,673**	482,025
– Gross fixed rental income received	**231,342**	221,296
– Provision of construction services	**24,889**	70,228
	525,904	773,549
Tourism segment:		
– Hotel operations	**183,508**	182,521
– Sale of tourist goods and provision of related services	**188,116**	446,409
	371,624	628,930
New energy segment:		
– Manufacture and sale of mechanical transmission equipment products	**9,869,788**	8,509,022
Investment and financial services segment:		
– Provision of investment and financial consulting services	**45,273**	10,926
Healthcare, education and other segments:		
– Provision of education services	**306,355**	247,095
– Sale of healthcare and other products and provision of related services	**44,159**	119,129
	350,514	366,224
	11,163,103	10,288,651

(ii) Liabilities related to contracts with customers

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

	2019	2018
	RMB'000	*RMB'000*
Contract liabilities related to:		
– Property development and sales	**31,990**	89,994
– Manufacture and sale of mechanical transmission equipment products	**529,255**	302,533
– Others	**14,563**	20,905
	575,808	413,432

5 DISAGGREGATION OF REVENUE (Continued)

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

(a) Revenue recognised in relation to brought-forward contract liabilities

The following table shows the revenue recognised in the current reporting period that relates to brought-forward contract liabilities:

	2019	2018
	RMB'000	*RMB'000*
Revenue recognised that was included in the balances of contract liabilities at the beginning of the year:		
– Property development and sales	**74,156**	372,087
– Manufacture and sale of mechanical transmission equipment products	**135,904**	450,216
– Others	**34,240**	15,169
	244,300	837,472

(b) Contracted amounts to be recognised in the future

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

	2019	2018
	RMB'000	*RMB'000*
Expected to be recognised within one year	**620,016**	635,230

6 FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

		2019	2018
	Note	*RMB'000*	*RMB'000*
Fair value losses in other financial assets at fair value through profit or loss	*(i)*	**(2,869,499)**	(3,521,358)
Fair value gains/(losses) in derivative financial instruments		**44,623**	(34,498)
		(2,824,876)	(3,555,856)

Note

(i) The fair value loss is mainly derived from the decrease of closing stock price of Zall Smart Commerce Group Ltd ("Zall Group"), a listed equity investment, as at 31 December 2019 and 2018. As at 31 December 2019, 949,224,000 (2018: 949,224,000) shares of Zall Group is held by the Group.

7 EXPENSES BY NATURE

	2019	2018
	RMB'000	*RMB'000*
Employee benefit expenses:		
Directors' remuneration		
– Fees	**1,904**	1,849
– Salaries, allowances and benefit in kind	**3,562**	4,796
– Pension scheme contributions	**100**	118
	5,566	6,763
Other staff costs		
– Salaries and other benefits	**1,684,714**	1,543,649
– Pension scheme contributions	**117,134**	190,878
	1,801,848	1,734,527
	1,807,414	1,741,290
Other items:		
Cost of inventories sold	**6,816,086**	6,271,102
Depreciation of property, plant and equipment	**539,740**	606,774
Cost of properties sold	**160,095**	271,721
Advertising expenses	**120,620**	223,943
Office expenses	**139,932**	90,645
Amortisation of other intangible assets	**85,706**	85,949
Amortisation of prepaid land lease payments	**–**	32,374
Depreciation of right-of-use assets	**51,311**	–
(Reversal of)/provision for write down of inventories to net realisable value	**(58,450)**	30,064
Expenses relating to short-term leases	**35,339**	–
Expenses relating to leases of low-value assets	**5,494**	–
Auditor's remuneration	**6,750**	7,500
Sundry taxes	**44,350**	49,691
Others	**931,299**	723,766
	10,685,686	10,134,819
Represented:		
– Cost of sales and services	**8,858,077**	8,320,984
– Selling and distribution expenses	**504,746**	418,525
– Administrative expenses	**918,625**	1,047,603
– Research and development costs	**404,238**	347,707
	10,685,686	10,134,819

8 FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**680,387**	808,055
Interest on corporate bonds	**165,072**	164,979
Interest on lease liabilities	**16,014**	–
Less: Interest capitalised	**(34,121)**	(24,287)
	827,352	948,747

9 INCOME TAX CREDIT

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

	2019	2018
	RMB'000	*RMB'000*
Current tax – charge for the year		
– PRC	**215,406**	210,884
– Hong Kong	**16,761**	11,625
– Australia	**825**	1,477
– Singapore	**–**	591
Current tax - under/(over) provision in respect of prior years	**1,261**	(62,541)
Deferred tax	**(603,811)**	(641,607)
	(369,558)	(479,571)

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

PRC CIT has been provided at the rate of 25% (2018: 25%) on the taxable profits of the Group's PRC subsidiaries, except for those subsidiaries as listed below, for the year ended 31 December 2019.

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

9 INCOME TAX CREDIT (Continued)

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

Name of company	Year end during which approval was obtained	Year ended 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

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

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

(c) Other corporate income tax

Enterprises incorporated in other places other than Mainland China are subject to income tax rates of 8.25% to 30% (2018: 8.25% to 30%) prevailing in the places in which these enterprises operated for the year ended 31 December 2019.

10 DIVIDENDS

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

The Board of Directors has resolved not to declare a final dividend for the years ended 31 December 2019 and 2018.

11 LOSS PER SHARE

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

	2019 *RMB'000*	2018 *RMB'000*
Loss for the purpose of calculating the basic and diluted loss per share	**(2,874,192)**	(3,029,954)
Weighted average number of ordinary shares in issue	**19,714,075,497**	19,728,331,673
Basic and diluted loss per share	**RMB(0.146)**	RMB(0.154)

There were no potential dilutive ordinary shares outstanding due to outstanding share options during both of the years ended 31 December 2019 and 2018. For the year ended 31 December 2019, weighted average number of ordinary shares in issue was adjusted for the share repurchase. For the year ended 31 December 2018, weighted average number of ordinary shares in issue was adjusted for the acquisition of shares by trustee for the Group's share award scheme.

12 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Financial assets at FVPL comprise:

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

(ii) Summary of financial assets at FVPL

	Note	2019 *RMB'000*	2018 *RMB'000*
Non-current assets			
Unlisted equity investments		**–**	462,265
Derivative financial instruments	*(ii), (vi)*	**588,517**	518,602
		588,517	980,867
Current assets			
Listed equity investments	*(iii)*	**829,383**	3,860,433
Unlisted equity investments		**465,466**	10,315
Contractual right in relation to a listed entity	*(i)*	**–**	503,620
Trade receivables measured at FVPL	*(iv)*	**86,340**	551,057
Unlisted debt investments		**1,500**	485,071
Structured bank deposits	*(v)*	**157,581**	961,150
		1,540,270	6,371,646
		2,128,787	7,352,513

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

Note

(i) On 12 August 2016, the Group entered into an agreement with Xizang Ruihua Capital Management Co., Ltd.（西藏瑞華投資管理有限公司）(“**Xizang Ruihua**”) and Jiangsu Ruihua Investment Holdings Group Co., Ltd.（江蘇瑞華投資控股集團有限公司）to acquire certain income right of the restricted shares of Bohai Leasing Co., Ltd.（渤海租賃股份有限公司, 000415.SZSE), an entity listed on The Shenzhen Stock Exchange (“**SZSE**”), formerly known as Bohai Jinkong Investment Group Co., Ltd.（渤海金控投資股份有限公司,000415.SZSE) held by Xizang Ruihua. The investment was designated on initial recognition to be measured at fair value and was revalued on 31 December 2018 based on valuations at RMB503,620,000. During the year ended 31 December 2019, the unsettled amount of RMB525,000,000 was recognised as other receivable as the agreement expired in 2019.

(ii) On 31 August 2017, the Group entered into a limited partnership agreement with Ningbo Zhongbang Chanrong Holding Co., Ltd. (“**Ningbo Zhongbang**”) and Ningbo Jingbang Asset Management Co., Ltd. in respect of the establishment of an investment fund in the PRC named Shanghai Guiman Enterprise Management L.P. (the “**Guiman Fund**”). The Group is a limited partner and has invested RMB500,000,000 in the Guiman Fund. As mentioned in the investment agreement, the Group would not bear any losses of Guiman Fund and was guaranteed with an annualised return rate no less than 9% during the 3-year investment period. If the Group does not choose to withdraw from the partnership at the end of the 3-year investment period, the profit or loss attributable to the Group afterwards shall be negotiated separately.

The separate derivative derived from the investment in Guiman Fund was measured at FVPL because the investment income would be guaranteed by the other limited partner, Ningbo Zhongbang, due to the accumulated losses of Guiman Fund as at 31 December 2019 and 2018.

(iii) The balances as at 31 December 2019 and 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 these investments.

	2019 ***RMB'000***	2018 *RMB'000*
Zall Group (2098.SEHK)	**645,482**	3,542,707
C&D International Investment Group Limited (1908.SEHK)	**145,142**	234,646
China Saite Group Company Limited (153.SEHK)	**26,877**	66,219
Medicskin Holdings Limited (8307.SEHK)	**11,882**	16,861
	829,383	3,860,433

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

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

Note (Continued)

(iv) Trade receivables measured at FVPL

On 3 September 2018, the Group entered into two agreements with a bank to sell all of its eligible trade receivables 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 31 December 2019, trade receivables that are held solely for selling purpose of RMB86,340,000 (2018: RMB551,057,000) were classified as financial assets at FVPL. For the year ended 31 December 2019, fair value changes of RMB664,000 (2018: RMB7,243,000) is recognised in "Fair value changes in financial instruments".

(v) Structured bank deposits

At 31 December 2019, structured bank deposits of RMB157,581,000 (2018: RMB961,150,000) represented financial instruments placed to banks in the PRC for a term of less than one year. The investment returns are referenced to the performance of the three-month LIBOR USD rate in the international market. Structured bank deposits amounted to RMB104,176,000 (2018: RMB276,717,000) were subsequently redeemed after the end of the reporting period.

(vi) Derivative financial instruments

Pursuant to the sale and purchase agreement entered into between Fullshare Investment Management II Limited, the general partner of Fullshare Value Fund I (A) L.P., a joint venture of the Group and the purchaser dated on 30 August 2019 ("**GSH Disposal Agreement**"), details of transaction are disclosed in contingent liabilities in Note 20 (iv), the Company is entitled to 23% of distributable proceeds, if any, after the qualifying transactions as specified in the GSH Disposal Agreement ("**Qualifying Transactions**") are completed. At 31 December 2019, the Qualifying Transactions have not been completed. The separate derivative associated with GSH Disposal Agreement was measured at FVPL based on the valuations performed by an independent professionally qualified valuer, at SGD9,004,000 (equivalent to approximately RMB46,617,000).

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Classification of financial assets at FVOCI

Financial assets at FVOCI comprise:

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

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

(ii) Summary of financial assets at FVOCI

	Note	**2019** ***RMB'000***	2018 *RMB'000*
Non-current assets			
Listed equity investments	*(i)*	**473,556**	572,770
Unlisted equity investments	*(ii)*	**2,969,742**	2,963,628
		3,443,298	3,536,398
Current assets			
Bills receivables	*(iii)*	**2,778,410**	1,365,791
Unlisted equity investments	*(ii)*	**102,158**	2,665
		2,880,568	1,368,456
		6,323,866	4,904,854

Note

(i) At 31 December 2019, the balance includes the Group's investments in 50,093,000 (2018: 50,093,000) H shares of Guodian Technology & Environment Group Corporation Limited（國電科技環保集團股份有限公司, 1296.SEHK）amounting to RMB10,814,000 (2018: RMB12,298,000), 15,731,000 (2018: 16,962,000) shares of Riyue Heavy Industry Co., Ltd.（日月重工股份有限公司, 603218.SHSE）amounting to RMB326,729,000 (2018: RMB280,209,000), Class A ordinary shares, Class B ordinary shares and American Depository Shares ("**ADSs**") of Tuniu Corporation ("**Tuniu**") (TOUR.O.NASDAQ) amounting to RMB118,325,000 (2018: RMB280,263,000), and 18,986,000 (2018: Nil) shares of China PengFei Group Limited (中國鵬飛集團有限公司, 3348.SEHK) amounting to RMB17,688,000 (2018: RMBNil).

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

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

Note (Continued)

(ii) On 17 April 2017, the Group entered into a limited partnership agreement with thirty-four other partners in respect of the establishment of an investment fund in the PRC named Zhejiang Zheshang Chanrong Equity Investment Fund L.P.（浙江浙商產融股權投資基金合夥企業（有限合夥））(the "**Zheshang Fund**") and the subscription of interest therein. Pursuant to the limited partnership agreement, the full registered capital contribution to the investment fund is RMB65,910,000,000, among which, RMB2,000,000,000 was contributed by the Group as a limited partner, which had been fully paid up by the Group to the investment fund. The investment in Zheshang Fund had a fair value of RMB2,027,647,000 (2018: RMB2,048,879,000) as at 31 December 2019 and a fair value loss of RMB21,232,000 (2018: RMB48,879,000) recognised in OCI for the year ended 31 December 2019.

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

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

14 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES)

(i) Loans receivables

	Note	**2019** **RMB'000**	2018 *RMB'000*
Loan to a related party	*(i)*	**7,000**	28,000
Loans to third parties	*(ii) - (xi)*	**3,361,261**	2,635,975
Less: Loss allowances	*3(b)*	**(614,250)**	(116,987)
		2,754,011	2,546,988
Represented:			
– Current portion		**2,705,794**	2,484,263
– Non-current portion		**48,217**	62,725
		2,754,011	2,546,988

14 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) (Continued)

(i) **Loans receivables** (Continued)

Note

(i) The Group 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）. Extension agreement has been entered into between both parties to extend the loan for one year. As at 31 December 2019, unsettled balance of RMB7,000,000 is unsecured, bears an interest at 9% per annum and is receivable in April 2020.

(ii) The Group entered into agreements in September and December 2017, pursuant to which loans of RMB158,000,000 in aggregate were lent to a former subsidiary of the Company, Shenzhen Anke High Technology Company Limited（深圳安科高技術股份有限公司）, which was disposed of during the year ended 31 December 2017. Extension agreements have been entered into between both parties to extend the loans for one year, with balance of RMB158,000,000 remained unsettled at 31 December 2019, which is unsecured and bears interests at 8% (2018: from 4.90% to 8%) per annum.

(iii) The Group entered into an agreement in June 2018, pursuant to which a loan of RMB161,500,000 was lent to an independent third party, with balance of RMB161,500,000 remained unsettled at 31 December 2019, which is unsecured and bears an interest at 8.40% per annum (2018: the loan is secured and bears an interest at 8.4% per annum).

(iv) The Group entered into an agreement in June 2016, pursuant to which an entrusted loan of RMB400,000,000 was lent to an independent third party through a financial institution, with balance of RMB399,000,000 remained unsettled at 31 December 2019, which is unsecured and bears an interest at 8.50% per annum.

(v) The Group entered into agreements in April and May 2018, pursuant to which loans of RMB1,640,000,000 in aggregate were lent to an independent third party. Extension agreement has been entered into between both parties to extend the loan for ten months. As at 31 December 2019, unsettled balance of RMB904,315,000 is secured, bears an interest at 9.80% (2018: 9.8%) per annum and is receivable in July 2019 and February 2020.

(vi) The Group entered into an agreement in May 2018, pursuant to which a loan of RMB200,000,000 was lent to an independent third party, with balance of RMB160,000,000 remained unsettled at 31 December 2019, which is secured and bears an interest at 12% per annum.

(vii) The Group entered into an agreement in January 2019, pursuant to which a loan of RMB150,000,000 was lent to an independent third party. Extension agreement has been entered into between both parties to extend the loan for six months. As at 31 December 2019, unsettled balance of RMB156,000,000 is secured, bears an interest at 8% per annum and is receivable in January 2020.

14 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) (Continued)

(i) Loans receivables (Continued)

Note (Continued)

(viii) The Group entered into an agreement in March 2019, pursuant to which loan of RMB273,000,000 in aggregate was lent to an independent third party. As at 31 December 2019, unsettled balance of RMB273,000,000 is secured, bears an interest at 15% per annum and is receivable in March 2020.

(ix) The Group entered into agreement in June 2019, pursuant to which loan of RMB500,000,000 in aggregate was lent to an independent third party, with balance of RMB387,000,000 remained unsettled at 31 December 2019, which is secured and bears an interest at 15% per annum.

(x) The loan balance of RMB249,500,000 represents the delay of consideration receivable from a third party for disposal of Five Seasons Cultural Tourism Development Company Limited ("**Five Seasons Cultural**") (五季文化旅遊發展有限公司) during the year 2018. As at 31 December 2019, unsettled balances of RMB150,000,000 and RMB99,500,000 are secured, bear interests at 6% and are receivable in June 2020 and December 2020 respectively.

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

(ii) Consideration receivables

	Note	2019 RMB'000	2018 RMB'000
Consideration receivables	*(i),(ii)*	**185,046**	419,574
Less: Loss allowances	*3(b)*	**(1,368)**	(77,094)
		183,678	342,480

Note

(i) As at 31 December 2019, receivables of RMB179,546,000 was related to disposal of a bundle of the Group's entire equity interests of ten subsidiaries and four associates to an independent third party, Ningbo Gaoguang Enterprise Management Co., Ltd. The remaining receivables of RMB5,500,000 was related to the disposal of 11% equity of Dongqiao Technology (Shanghai) Co., Ltd (東喬科技(上海)有限責任公司).

(ii) As at 31 December 2018, receivables of RMB349,500,000 was related to disposal of a joint venture, Five Seasons Cultural. The remaining receivables of RMB70,074,000 was related to disposal of a subsidiary, Jiangsu An Rhonda Health Industry Development Co., Ltd. (江蘇安朗達健康產業發展有限公司).

14 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) (Continued)

(iii) Other receivables

	Note	2019 RMB'000	2018 RMB'000
Other receivables			
– Amounts due from third parties	*(i)*	**2,847,415**	1,052,751
– Amounts due from joint ventures		**445**	15,125
– Amounts due from associates		**244,463**	95,917
Less: Loss allowances	*3(b)*	**(508,639)**	(48,207)
		2,583,684	1,115,586
Represented:			
– Current portion		**2,571,609**	988,205
– Non-current portion		**12,075**	127,381
		2,583,684	1,115,586

Note

(i) As at 31 December 2019, the balance included an amount of RMB1,003,834,000 receivables from former subsidiaries which were disposed of during the year and overdue beneficial interests of a trust of RMB512,813,000 that is reclassified from financial assets at FVPL to other receivables at maturity during the year.

(iv) Other financial assets at amortised cost

	Note	2019 RMB'000	2018 RMB'000
Other financial assets at amortised cost			
– Amounts due from third parties	*(i)*	**1,019,547**	967,327
– Amount due from a related party	*(ii)*	**254,050**	205,861
Less: Loss allowances	*3(b)*	**(365)**	(72)
		1,273,232	1,173,116
Represented:			
– Current portion		**254,050**	205,861
– Non-current portion		**1,019,182**	967,255
		1,273,232	1,173,116

Note

(i) The balance represented the carrying amounts of two financial products purchased from an insurance company with fixed rates interests at 6.50% and 5.80% respectively per annum, both with a 5-year maturity in 2023. The interest and principal are receivable at the maturity date.

(ii) On 26 April 2018, the Group acquired a corporate bond issued by one of the Group's related parties in prior year, from an independent third party with an amount of approximately RMB205,861,000. As at 31 December 2019, the carrying amount of corporate bonds is RMB254,050,000. The amount was subsequently received on 18 March 2020.

15 TRADE RECEIVABLES

	Note	**2019**	2018
		RMB'000	*RMB'000*
Trade receivables			
– Amounts due from third parties		**3,003,291**	5,152,978
– Amounts due from joint ventures		**10,347**	32,867
Less: Loss allowances	*3(a)*	**(548,486)**	(551,567)
		2,465,152	4,634,278

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

	2019	2018
	RMB'000	*RMB'000*
Within 90 days	**1,906,375**	3,131,028
91 to 180 days	**99,262**	539,547
181 to 365 days	**221,361**	482,003
Over 365 days	**238,154**	481,700
	2,465,152	4,634,278

16 TRADE AND BILLS PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade payables		
– Amounts due to third parties	**2,204,139**	1,990,927
– Amounts due to joint ventures	**1,115**	456
– Amounts due to associates	**318**	1,603
Bills payables	**3,884,766**	4,526,958
	6,090,338	6,519,944

16 TRADE AND BILLS PAYABLES (Continued)

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

	2019	2018
	RMB'000	*RMB'000*
Within 90 days	**2,712,836**	2,655,984
91 to 180 days	**856,623**	2,713,380
181 to 365 days	**2,313,853**	998,173
Over 365 days	**207,026**	152,407
	6,090,338	6,519,944

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

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

17 OTHER PAYABLES AND ACCRUALS

		2019	2018
	Note	***RMB'000***	*RMB'000*
Accruals		**1,029,335**	1,049,345
Amounts due to joint ventures		**–**	30,000
Amounts due to associates		**221**	1,081
Other tax payables		**124,171**	70,470
Other payables		**551,587**	630,637
Refundable deposit received	*(i)*	**1,000,000**	1,000,000
Payroll and welfare payables		**215,482**	186,093
Liability arising from financial guarantee contracts		**28,115**	20,555
Payables for purchase of property, plant and equipment		**167,867**	189,313
		3,116,778	3,177,494

Note

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

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

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

18 BANK AND OTHER BORROWINGS

	2019		2018	
	Current	**Non-current**	Current	Non-current
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Secured				
– Bank loans	**1,042,057**	**1,559,500**	1,559,299	1,723,138
– Loans from other financial institutions	**1,344,000**	**–**	566,886	574,689
– Loans from other third parties	**315,959**	**1,000**	97,009	255,000
Total secured borrowings	**2,702,016**	**1,560,500**	2,223,194	2,552,827
Unsecured				
– Bank loans	**1,927,500**	**–**	3,195,367	–
– Loans from ultimate holding company	**502,099**	**755,860**	492,794	891,485
– Medium-term notes	**–**	**–**	500,000	–
– Loans from other third parties	**67,415**	**215,027**	608,751	–
Total unsecured borrowings	**2,497,014**	**970,887**	4,796,912	891,485
	5,199,030	**2,531,387**	7,020,106	3,444,312

Bank and other borrowings carry interests from 0% to 9.50% (2018: 0% to 9.21%) per annum. Current loans from ultimate holding company of RMB502,099,000 (2018: RMB492,794,000) is interest-free and non-current loans from ultimate holding company of RMB755,860,000 (2018: RMB891,485,000) carries effective interest rate at 4.75%.

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

	2019	2018
	RMB'000	*RMB'000*
RMB	**7,427,014**	7,280,882
US$	**6,976**	2,023,741
HK$	**–**	647,237
EUR	**–**	269,084
AUD	**296,427**	243,474
	7,730,417	10,464,418

18 BANK AND OTHER BORROWINGS (Continued)

Bank and other borrowings are repayable as follows:

	2019	2018
	RMB'000	*RMB'000*
Within one year or on demand	**5,199,030**	7,020,106
Between one and two years	**1,698,471**	1,152,269
Between two and five years	**451,100**	1,731,923
Over five years	**381,816**	560,120
	7,730,417	10,464,418

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

(i) Pledge of the Group's 100% (2018: 100%) equity interests in CHS, a subsidiary of the Group.

(ii) Pledge of the Group's assets as disclosed in Note 22.

In addition, as at 31 December 2019, bank loans of RMB1,514,716,000 (2018: RMB2,146,924,000) were guaranteed by Mr. Ji. Bank loans of RMB500,000,000 (2018: RMB500,000,000) were guaranteed by Mr. Ji and a close family member of Mr. Ji.

19 CORPORATE BONDS

On 8 December 2014, the Company issued a six-year semi-annual coupon corporate bond ("2014 CB") with a principal amount of HK$10,400,000 (equivalent to RMB8,268,000) which carries interest at 7% per annum. The effective interest rate as at 31 December 2019 is 9.60% (2018: 9.60%).

In March and July 2017, the Group issued two five-year annual coupon corporate bonds ("2017 CB") with principal amounts of RMB900,000,000 ("First Tranche Bond") and RMB1,020,000,000 which carry interests at 6.47% and 6.50% per annum respectively. The effective interest rates as at 31 December 2019 are 6.59% and 6.62% (2018: 6.59% and 6.62%) respectively.

In January 2018, the Group issued a five-year annual coupon corporate bond ("2018 CB") with a principal amount of RMB500,000,000 which carries interest at 7.50% per annum. The effective interest rate as at 31 December 2019 is 7.62% (2018: 7.62%).

19 CORPORATE BONDS (Continued)

All 2017 CB and 2018 CB attached with the option of adjusting the nominal interest rate for issuer and the option of redemption at the end of the third year for investors. In March 2020, as all the bondholders of the First Tranche Bond have chosen to redeem, the Group has paid RMB900,000,000 for the redemption, the First Tranche Bond have been cancelled subsequently.

	2014 CB	**2017 CB**	**2018 CB**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	8,021	1,988,525	–	1,996,546
Issued	–	–	497,575	497,575
Imputed interest *(Note 8)*	834	126,229	37,916	164,979
Interest paid	(618)	(124,530)	–	(125,148)
Exchange differences	383	–	–	383
At 31 December 2018 and 1 January 2019	8,620	1,990,224	535,491	2,534,335
Imputed interest *(Note 8)*	896	126,228	37,948	165,072
Interest paid	(642)	(124,530)	(37,500)	(162,672)
Exchange differences	166	–	–	166
At 31 December 2019	9,040	1,991,922	535,939	2,536,901

	2019	2018
	RMB'000	*RMB'000*
Represented:		
Accrued interest (included in other payables and accruals)	**115,148**	114,250
Current liabilities	**1,923,316**	–
Non-current liabilities	**498,437**	2,420,085
	2,536,901	2,534,335

20 CONTINGENT LIABILITIES

As at 31 December 2019, contingent liabilities not provided for in the consolidated financial information were as follows:

	Note	**2019**	2018
		RMB'000	*RMB'000*
Guarantees given to banks in connection with mortgage facilities	*(i)*	**225,494**	872,792
Guarantees given to banks in connection with motor vehicle finance leases facilities	*(ii)*	**43,574**	–

Note

(i) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments from these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalties owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the date 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 the construction. The directors consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in the consolidated financial information.

(ii) The Group provided guarantees in respect of motor vehicle finance leases facilities granted by a bank to eligible borrowers. Pursuant to the terms of the guarantees, upon default in finance leases payments by these borrowers, the Group is responsible to repay the outstanding principals together with accrued interest and penalties owed by the defaulted borrowers to the bank. The Group's guarantee period starts from the date of grant of the relevant finance leases and ends when the customers settle their financial leases obligations in full. The directors consider that in case of default in payments, the amounts of security deposits received from borrowers, which ranged from 6% to 8% to the granted amounts, are more than the amounts of bank security deposits to be forfeited, which were around 2% of granted amounts; and Nanjing Jiangong Industrial Group Co., Ltd.（南京建工產業集團有限公司）("Nanjing Jiangong Industrial", formerly known as Nanjing Fullshare Industrial Holding Group Co., Ltd,（南京豐盛產業控股集團有限公司）, a connected person of the Company, guarantees the Group's potential liabilities arisen from default cases. Therefore, no provision has been made in the consolidated financial information for the guarantees.

(iii) As at 31 December 2019, the Group provided financial guarantees to one associate (2018: two associates) and two third parties (2018: a third party) in favor of bank loans of RMB306,010,000 (2018: RMB751,360,000) and RMB474,000,000 (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 RMB23,559,000 (2018: RMB20,555,000) has been recognised in the consolidated statement of financial position as liabilities.

Note (Continued)

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

On the same day, in order to facilitate the conclusion of the sales, the Company entered into a deed of guarantee with the Purchaser, pursuant to which, the Company agreed to guarantee to the Purchaser the due and punctual performance and observance by the Vendor of the Vendor's obligations under the sale and purchase agreement, subject to a maximum liability of up to SGD169,821,710 (equivalent to approximately RMB874,690,000) (the "Guarantee money"). The Guarantee money is used to compensate the purchaser for any adverse effect of the legal cases. These Guaranteed money would be reimbursed by the former owner.

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

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

(v) On 12 November 2015, the Group's subsidiaries, namely 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**"), an independent third party 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.

In 2019, NGC Transmission Europe GmbH received a claim (the "**Claim**") by SET with a total amount of EUR11,773,000 (equivalent to RMB92,019,000) (the "**Claimed Amount**") against NGC Parties for breaches of contractual obligations under the Cooperation Agreement relating to the Project.

Upon the date of approval of this consolidated financial information, 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 31 December 2019, based on the assessment result of the independent lawyers, a provision of RMB8,066,000 was accrued by management.

20 CONTINGENT LIABILITIES (Continued)

Note (Continued)

(vi) 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 consolidated financial information. Pursuant to relevant terms of the Group's loan agreements, the Proceeding might be considered as an event of default the occurrence of which will allow the lender to demand accelerated repayments for certain loans of the Group totalling approximately RMB1.1billion ("**Loan**"). However, up to the date of this consolidated financial information, the Group has not received any request from any lender of the Loan for any accelerated repayment. Further, the management of the Company 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.

21 COMMITMENTS

(i) Operating lease arrangement

(a) Group – As lessor

The Group leases its investment properties out 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:

	2019	2018
	RMB'000	*RMB'000*
Within one year	**268,210**	267,400
In the second to fifth years, inclusive	**673,149**	461,291
After five years	**83,898**	115,621
	1,025,257	844,312

(b) Group – As lessee

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. See Note 2.2 for further information.

	2019	2018
	RMB'000	*RMB'000*
Within one year	**3,085**	48,477
In the second to fifth years, inclusive	**3,815**	200,442
After five years	**–**	78,369
	6,900	327,288

21 COMMITMENTS (Continued)

(ii) Capital commitments

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

	2019	2018
	RMB'000	*RMB'000*
Contracted, but not provided for:		
– Properties under development	**–**	39,884
– Plant and machinery	**237,046**	290,208
– Capital contributions to an associate	**129,000**	54,542
– Capital contributions to a joint venture	**50,000**	36,443
	416,046	421,077

(iii) Other commitments

On 9 February 2018, the Company, China Merchants Securities Asset Management Company Limited (招商證券資產管理有限公司) and Ningbo Zhongbang Chanrong Holding 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 RMB3,342,506,567 which was determined with reference to the capital contributions made by the Limited Partners of an aggregate amount of approximately RMB2,630,000,000 and the expected return to be distributed by the Fund in accordance with the terms of the limited partner agreement on the relevant settlement date in accordance with the terms of the Forward Purchase Agreement. The maximum consideration for acquisition is estimated to be approximately RMB3,342,507,000.

The object of the Fund is to invest in Shanghai Joyu Culture Communication Company Limited (上海景域文化傳播股份有限公司) ("**Shanghai Joyu**"), or such other companies or businesses as may be agreed by the Limited Partners and the general partner. Shanghai Joyu is principally engaged in the tourism and vacation businesses and is a one-stop O2O service provider in the PRC tourism business. As at the date of approval of the 2019 consolidated financial information, the Fund has invested as to 26.33% interests of Shanghai Joyu.

22 PLEDGE OF ASSETS

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

	2019	2018
	RMB'000	*RMB'000*
Properties under development	**16,974**	930,841
Investment properties	**3,938,321**	3,800,000
Property, plant and equipment	**1,902,164**	1,114,262
Prepaid land lease payments	**–**	128,756
Right-of-use asset regarding the land use rights	**254,658**	–
Financial assets at fair value through other comprehensive income	**1,310,735**	1,352,334
Financial assets at fair value through profit or loss	**–**	1,649,484
Pledged bank deposits	**2,720,564**	2,929,985
	10,143,416	11,905,662

23 EVENTS AFTER THE REPORTING PERIOD

(a) Acquisition of 100% equity interests of Nanjing Zhonghui Heda Business Management Co., Ltd.（南京眾慧合達商業管理有限公司）("Nanjing Heda")

On 31 December 2019, Nanjing Fullshare Dazu Technology Co., Ltd.（南京豐盛大族科技股份有限公司）("**Dazu**"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with an independent third party, Nanjing Chuangrui Enterprise Management Co., Ltd.（南京創睿企業管理有限公司）("**Nanjing Chuangrui**"), pursuant to which Dazu agreed to acquire 100% equity interests of Nanjing Heda, for a consideration of RMB398,000,000. Nanjing Heda is principally engaged in property investment. At the time of acquisition, Nanjing Heda holds two floors of a shopping mall. The acquisition was made as part of the Group's strategy to increase the commercial property portfolio. The acquisition was completed in January 2020.

Details of the acquisition are set out in the announcement of the Company dated 31 December 2019.

(b) Formation of a limited partnership

On 15 January 2020, Dazu entered into a limited partnership agreement (the "**Partnership Agreement**") with two direct wholly-owned subsidiaries of Jiangsuminying Investment Holding Limited（江蘇民營投資控股有限公司）, an entity in which Dazu has approximately 10% interests as at the date of the Partnership Agreement, to form a limited partnership (the "**Partnership**"). Pursuant to the Partnership Agreement, Dazu would act as a limited partner and commit to contribute RMB300,000,000, representing 50% of the total commitments of the partners to the Partnership. The purpose of the Partnership is to invest in projects relating to property development and investment business.

23 EVENTS AFTER THE REPORTING PERIOD (Continued)

(b) Formation of a limited partnership (Continued)

Based on the Partnership Agreement, the term of the Partnership shall be five years commencing from the date of its formation, subject to early termination if unanimously approved by all partners.

Details of the formation of the Partnership are set out in the announcements of the Company dated 15 January 2020 and 3 February 2020 respectively.

(c) Acquisition of 100% equity interests of World Trade Plaza (Shenyang) Real Estate Co., Ltd（世貿廣場（瀋陽）置業有限公司）("World Trade Plaza Co., Ltd")

On 16 January 2020, Dazu entered into a conditional sale and purchase agreement with two independent third parties, New World (Qingdao) Real Estate Co., Ltd（新世界（青島）置地有限公司）and Top Sky Investments Limited（頂佳投資有限公司）, pursuant to which Dazu agreed to acquire 100% equity interests of World Trade Plaza Co., Ltd, for a consideration of RMB700,000,000. Word Trade Plaza Co., Ltd is principally engaged in property development and investment, hotel management, and provision of accommodation and catering services. The acquisition was made as part of the Group's strategy to enhance the property development business. At the date of approval of the consolidated financial information, the Group has made refundable deposits of RMB60,000,000 to the vendors.

Details of the acquisition are set out in the announcement of the Company dated 16 January 2020.

(d) Novel coronavirus epidemic

Since early 2020, the outbreak of novel coronavirus epidemic (the "**COVID-19 outbreak**") has spread across China and other countries. At the date of approval of the consolidated financial information, the Group is still in the process of assessing the impacts of the COVID-19 outbreak on the financial position and operating results of the Group. The Group will stay alert on the development of the COVID-19 outbreak, continue to assess its financial impacts and take necessary action to mitigate the business risk (where applicable).

BUSINESS REVIEW

The revenue of the Group for the Year 2019 was derived from property, tourism, investment and financial services, healthcare and education and new energy businesses.

(1) Property business

(a) Property sales

During the Year 2019, the Group had contracted sales of approximately Renminbi ("**RMB**")362,348,000, representing an increase of approximately 56% as compared with the year ended 31 December 2018 (the "**Year 2018**"). The Group made contracted sales for an aggregate gross floor area ("**GFA**") of approximately 21,721 sq.m., representing an increase of approximately 110% as compared with the Year 2018. The contract sales in the Year 2019 were mainly contributed by Yuhua Salon Project and Kunshan Herong Project. As at 31 December 2019, the Group's contracted sales for the contracts signed but properties not yet delivered were approximately RMB19,608,000 with a total GFA of 1,448 sq.m. The increase in contracted sales and GFA was mainly due to most of the projects have not yet fulfilled the conditions of pre-sale for the Year 2018. During the Year 2019, the average contracted selling price was approximately RMB16,682 per sq.m., representing a decrease of approximately 26% as compared with the Year 2018.

As at 31 December 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	–	59,216	100%
Yuhua Salon (雨花客廳) A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Hotel and office project	Under construction	First quarter of 2020	30,416	–	81,380	–	100%
Yuhua Salon (雨花客廳) C South	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	42,639	133,832	–	70,621	100%
Yuhua Salon (雨花客廳) C North	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Apartment and commercial project	Completed	Completed	48,825	189,193	–	68,584	100%
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	–	50,440	100%
					204,039	548,302	81,380	248,861	

(b) Investment properties

As at 31 December 2019, the investment properties of the Group mainly included Wonder City*（虹悦城）, 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（虹悦城）	No. 619 Yingtian Da Jie, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	100,605	100%
Yuhua Salon（雨花客廳）(certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and shopping mall	Medium-term covenant	79,691	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 Project（匯通大廈項目）	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project（鎮江優山美地花園項目）	At the cross of Guyang North Road and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC	Commercial	Medium-term covenant	10,085	100%
Weihai					
Weihai Project（威海項目）	Block 1, No. 229, Rongshan Road, Chengshan, Rongcheng City, Weihai, Shandong Province, the PRC	Commercial	Medium-term covenant	6,472	100%
				241,041	

(c) Green building services and entrusted construction services

During the Year 2019, the Group engaged in provision of technical design and consulting services, green management services and entrusted construction services in the PRC. During the Year 2019, the revenue from both green building services and entrusted construction services was approximately RMB24,889,000 (2018: RMB70,228,000).

(2) Tourism business

During the Year 2019, the Group has gradually developed its tourism business, to build an industrial layout that combines investment activities and operation of businesses and integrates long-term and short-term initiatives. The tourism property projects currently invested and held by the Group include the Laguna project in Queensland, Australia, the Sheraton project in Australia, the Five Seasons Hotel project and the Hainan Wenchang Five Seasons Hotel project.

The Group has steadily promoted its tourism supply chain business during the Year 2019. By purchasing from upstream agents or centrally purchasing tourism resources, the Group helped the small and medium-sized travel agencies and certain online travel agency platforms (OTAs) to reduce the procurement costs effectively. Meanwhile, the Group also purchased and underwrote several tourism resources, and distributed air tickets, hotels, entrance tickets and traveling route products to downstream travel agencies or OTAs. The Group has established a strategic cooperation with Songtsam Culture Tourism（松贊文旅）to jointly customize traveling routes, build up Songtsam brand and promote Tibetan culture. The Group has cooperated with the Guoyi Tang Medical Center of Nanjing University of Chinese Medicine*（南京中醫藥大學國醫堂）to develop distinctive healthcare tourism routes, which integrate health services, health products and cultural tourism to bring users a different healthcare tourism experience. In addition to providing centralised procurement services and discounted traveling routes and products for upstream and downstream enterprises in the tourism supply chain, the Group has also developed an online platform that combines three major features of (i) tourism resources and product transactions, (ii) risk assessment and control and (iii) supply chain finance, in order to open up the upstream and downstream logistics chain, capital chain, business flow and information flow of tourism enterprises, and support our partners to enhance their competitiveness.

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 Year 2019, 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 of the PRC, 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 mid-2020.

Wenchang Five Seasons Hotel project is located in the coastal area of Gaolong Bay, Qinglan, Wenchang City, Hainan Province of the PRC. It is planned to be built into a five-star healthcare resort with a land lot site area of 61,689.33 sq.m. The compilation of the detailed planning and design proposal for construction has been completed.

During the Year 2019, the revenue from tourism business was approximately RMB371,624,000 (2018: RMB628,930,000).

(3) Investment and financial services business

During the Year 2019, the Group's investment and financial services business consists of holding and investing in various listed and unlisted equities and treasury products and provision of investment and financial related services.

(a) Listed equity investments held for trading

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

As at 31 December 2019

Stock code	Name	Number of shares held	Effective shareholding interest	Acquisition cost	Carrying amount	Unrealised holding gain/(loss) arising on revaluation for the Year 2019	Realised gain/(loss) arising from the disposal for the Year 2019	Dividend received/receivable for the Year 2019
		(Note 2)		*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
153.HK *(Note 1)*	China Saite Group Company Limited	**190,120,000**	**6.29%**	**88,646**	**26,877**	**(35,505)**	**176**	**–**
1908.HK *(Note 1)*	C&D International Investment Group Limited	**17,984,000**	**1.98%**	**65,541**	**145,142**	**33,360**	**31,815**	**34,044**
2098.HK *(Note 1)*	Zall Smart Commerce Group Ltd. ("**Zall Group**")	**949,224,000**	**8.06%**	**947,452**	**645,482**	**(2,890,173)**	**–**	**–**
8307.HK *(Note 1)*	Medicskin Holdings Limited	**80,000,000**	**16.47%**	**45,334**	**11,882**	**(5,376)**	**–**	**2,818**
					829,383	**(2,897,694)**	**31,991**	**36,862**

Note:

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

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

As at 31 December 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 2018 *RMB'000*	Realised gain/(loss) arising from disposal for the Year 2018 *RMB'000*	Dividend received/receivable for the Year 2018 *RMB'000*
153.HK *(Note 1)*	China Saite Group Company Limited	203,800,000	8.74%	95,024	66,219	(33,553)	–	–
1908.HK *(Note 1)*	C&D International Investment Group Limited	40,000,000	5.44%	145,777	234,646	(8,930)	(16,126)	14,892
2098.HK *(Note 1)*	Zall Group	949,224,000	8.13%	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%	–	–	–	9,367	–
					3,860,433	(3,636,828)	(6,759)	35,178

Note:

1. These companies are listed companies on the Stock Exchange.

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

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

The performance and prospect of the Group's major listed securities investment during the Year 2019 are as follows:

Zall Group

The principal activities of Zall Group include developing and operating large-scale product-focused wholesale shopping malls which focus on sales of consumer goods and the related value-added businesses, such as warehousing, logistics, e-commerce and financial services in the PRC. The Group held approximately 949,224,000 shares in Zall Group, representing approximately 8.06% of its entire issued capital as at 31 December 2019 (31 December 2018: 8.13%). The carrying amount of the investment in Zall Group accounted for approximately 1% of the Group's total assets as at 31 December 2019 (31 December 2018: 7%). Though the net profit of Zall Group dropped according to the announcement made by Zall Group on 2 March 2020, 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 holding loss derived from holding Zall Group is non-cash in nature and relates to the change in fair value of the Group's investment in Zall Group that is volatile in nature. The unrealised holding loss will not adversely affect the Group's operating financial positions. The Group will closely monitor the performance of its investment and adjust its investment plan and portfolio when necessary.

(b) Other investments

During the Year 2019, apart from the above listed equity investments, the Group continued to monitor the portfolio performance and adjust the investments portfolio when necessary. The diversified investment portfolio is to implement the direction of expanding the sources of the Group's investment income and stabilizing its long term investment strategies.

(c) Investment and financial related consulting services

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

During the Year 2019, this segment recorded a loss of approximately RMB3,222,296,000 (2018: RMB3,220,116,000). The 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 Year 2019 of approximately RMB2,824,876,000 (2018: RMB3,555,856,000) was mainly attributable to changes in share price of Zall Group. The loss from fair value change after tax of the financial instruments at fair value through other comprehensive income was approximately RMB1,505,000 (2018: RMB189,523,000). As at 31 December 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 RMB2,128,787,000 and RMB6,323,866,000 (2018: RMB7,352,513,000 and RMB4,904,854,000) respectively.

(4) Healthcare and education business and others

During the Year 2019, 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 RMB350,514,000 (2018: RMB366,224,000).

(5) New Energy segment

New energy segment is principally engaged in research, design, development, manufacture and distribution of a broad range of mechanical transmission equipment that are used in wind power and a wide range of industrial applications. During the Year 2019, the segment has contributed revenue of approximately RMB9,869,788,000 (2018: RMB8,509,022,000) to the Group.

(a) Wind gear transmission equipment

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

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

(b) Industrial gear transmission equipment

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

In the past two years, the equipment industry of China has been affected by overcapacity, 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 has upgraded the technology of the heavy products by the technology advantage, meanwhile, the Group has self-developed standardized, modular and intelligent products which are internationally competitive, facilitate the change in sales strategies and explore new markets and new industries by the products positioning with complete range, clear layers and precise subdivision. In particularly, the Group made the product development and research and market explore of the standard gearbox and planetary gearbox, etc. 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 Group'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 ISO/TS 22163 Certificate for the Quality Management System of International Railway Industry for its rail transportation products, which has laid a solid foundation for the Group's rail transportation products to expand into high-end international railway markets. Currently the products have been successfully applied to rail transportation transmission equipment in Beijing, Shanghai, Shenzhen, Nanjing, Hong Kong and other cities in China and have also been successfully applied to rail transportation transmission equipment in multiple countries and regions such as Singapore, Brazil, Netherlands, India, Mexico, Tunisia, Australia and Canada. The Group will continue to actively 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 compact 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 35 years.

PROSPECT

In 2020, the focus of the Company will remain on the development of the healthcare tourism and real estate businesses. Pursuing the idea of the industrial platform, the Group will continue to concentrate on industrial resources deployment and operation and management of its businesses. 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 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 business partners, and expect to achieve the anticipated return on investments.

The Group will continuously monitor changes in the policy, market 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 in the future.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately RMB874,452,000, or 8%, from approximately RMB10,288,651,000 for the Year 2018 to approximately RMB11,163,103,000 for the Year 2019. The revenue and the changes for the Year 2019 and Year 2018 derived from different segments are listed as below:

Segment	**Year 2019**	Year 2018	**Changes**	
	RMB'000	*RMB'000*	***RMB'000***	**percentage**
Properties	**525,904**	773,549	**(247,645)**	**(32%)**
Tourism	**371,624**	628,930	**(257,306)**	**(41%)**
Investment and financial services	**45,273**	10,926	**34,347**	**314%**
Healthcare, education and others	**350,514**	366,224	**(15,710)**	**(4%)**
New energy	**9,869,788**	8,509,022	**1,360,766**	**16%**
Total Revenue	**11,163,103**	10,288,651	**874,452**	**8%**

The increment of the revenue of the Group mainly derived from the new energy segment which contributed the largest increment to the revenue of Group amounting to approximately RMB1,360,766,000. It was mainly due to the increase in market demands of wind gear transmission equipment which led to the increase in delivery.

The revenue from properties segment decreased by approximately RMB247,645,000 which was mainly because fewer property units were delivered and less construction services contracts were secured in the Year 2019.

The revenue from tourism segment also decreased by approximately RMB257,306,000 due to the Group experienced a transformation of business model for tourism supply chain business during Year 2019.

Cost of sales and services

The cost of sales and services of the Group increased by approximately RMB537,093,000, or 6%, from approximately RMB8,320,984,000 for the Year 2018 to approximately RMB8,858,077,000 for the Year 2019. The cost and changes for the Year 2019 and Year 2018 derived from different segments are listed as below:

Segment	Year 2019	Year 2018	Changes	
	RMB'000	*RMB'000*	*RMB'000*	percentage
Properties	**255,259**	343,896	**(88,637)**	**(26%)**
Tourism	**353,310**	618,689	**(265,379)**	**(43%)**
Investment and financial services	**7,398**	4,397	**3,001**	**68%**
Healthcare, education and others	**266,068**	323,064	**(56,996)**	**(18%)**
New energy	**7,976,042**	7,030,938	**945,104**	**13%**
Total cost	**8,858,077**	8,320,984	**537,093**	**6%**

Gross profit and gross profit margin

The gross profit of the Group increased by approximately RMB337,359,000, or 17%, from approximately RMB1,967,667,000 in the Year 2018 to approximately RMB2,305,026,000 for the Year 2019. The gross profit margin increased from 19% in the Year 2018 to 21% for the Year 2019. 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 Year 2019 derived from the properties segment and new energy segment were approximately RMB270,645,000 and 51%, and RMB1,893,746,000 and 19% respectively. The gross profit and gross profit margin in the Year 2018 derived from the properties segment and new energy segment were RMB429,653,000 and 56%, and RMB1,478,084,000 and 17% 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 Year 2019 is lower than that delivered in the Year 2018. In addition, the increase in the gross profit and gross profit margin of the new energy segment was mainly due to the positive impact from economies of scale.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately RMB86,221,000, or 21%, from approximately RMB418,525,000 for the Year 2018 to approximately RMB504,746,000 for the Year 2019. The selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses and staff costs. The increase in selling and distribution expenses in the Year 2019 was mainly in line with the increase in revenue from new energy segment.

Administrative expenses

Administrative expenses of the Group decreased by approximately RMB128,978,000, or 12%, from approximately RMB1,047,603,000 for the Year 2018 to approximately RMB918,625,000 for the Year 2019. The administrative expenses for the Year 2019 mainly included salaries and staff welfare, depreciation and amortization of tangible and intangible assets. The decrease in administrative expenses in the Year 2019 was mainly due to the effort of the Group's implementation of stricter cost control policy.

Research and development costs

Research and development costs of the Group increased by approximately RMB56,531,000, or 16%, from approximately RMB347,707,000 for the Year 2018 to approximately RMB404,238,000 for the Year 2019. The increase in research and development costs was mainly due to the increase in efforts put on research and development of new energy segment.

Net impairment losses on the financial assets

The net impairment loss on the financial assets of the Group in the Year 2019 increased by approximately RMB348,787,000 or 216%, from approximately RMB161,281,000 for the Year 2018 to approximately RMB510,068,000 for the Year 2019. Increase in credit impairment losses was mainly due to the increment of the expected loss rate of loans receivables in view of delayed repayments and worsening financial status of certain borrowers.

Other income

Other income of the Group decreased by approximately RMB136,078,000, or 17%, from approximately RMB809,718,000 for the Year 2018 to approximately RMB673,640,000 for the Year 2019. Other income for the Year 2019 mainly included other interest income of approximately RMB241,785,000, dividend income of approximately RMB154,236,000 and management fee income of RMB111,286,000. Other income for the Year 2018 mainly included other interest income of approximately RMB390,576,000, bank interest income of approximately RMB151,896,000 and dividend income of approximately RMB146,919,000.

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 RMB2,824,876,000 for the Year 2019 (Year 2018: RMB3,555,856,000). The fair value change mainly derived from listed equity investments. The Group recorded a significant fair value loss in both Year 2019 and Year 2018 which was mainly due to the 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 RMB121,395,000, or 13%, from approximately RMB948,747,000 for the Year 2018 to approximately RMB827,352,000 for the Year 2019, which was mainly due to the lower average borrowing amount of the Group for the Year 2019 than for the Year 2018.

Share of result of joint ventures

The Group's share of loss from its joint ventures increased from approximately RMB22,327,000 for the Year 2018 to approximately RMB252,047,000 for the Year 2019. It was mainly because of the significant loss recognised due to the disposal of investment made by Fullshare Value Fund I L.P..

Income tax expense/credit

For the Year 2019, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB234,253,000 and RMB603,811,000 respectively, and for the Year 2018, the current tax expense and the deferred tax credit amounted to approximately RMB162,036,000 and RMB641,607,000, respectively.

The deferred tax credit for the Year 2019 was mainly derived from the fair value loss in financial instruments of approximately RMB455,353,000 and net impairment losses on financial assets of approximately RMB113,133,000. The deferred tax credit in the Year 2018 was mainly derived from the fair value losses in financial instruments of approximately RMB597,548,000 and reversal of deferred tax liabilities of approximately RMB46,653,000 recognised at the date of acquisition of China High Speed Transmission Equipment Group Co., Ltd. when the non-current assets were depreciated, amortised and disposed of.

Loss/profit for the Year 2019

For the Year 2019, the Group recorded a loss after tax of approximately RMB2,844,118,000 (2018: RMB3,062,457,000). The losses for both Year 2019 and Year 2018 was mainly due to the net fair value loss after tax in financial instruments and the net credit impairment losses recognised on financial assets.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

For the Year 2019, the Group financed its operations and investments mainly by internally generated funds and debt financing.

Cash position

As at 31 December 2019, the Group had cash and cash equivalents (excluding the restricted cash) of approximately RMB2,797,003,000 (31 December 2018: RMB2,536,801,000), representing an increase by approximately RMB260,202,000 or 10% as compared to 31 December 2018. The Group's cash and cash equivalents remain stable. The Group regularly and closely monitors its funding and treasury position to meet the funding requirements of the Group.

Bank and other borrowings and corporate bonds

As at 31 December 2019, the debt profile of the Group and the comparative figures for the previous year are as follows:

	As at 31 December 2019	As at 31 December 2018
	RMB'000	*RMB'000*
Bank and other borrowings repayable:		
Within one year or on demand	**5,199,030**	7,020,106
Between one and two years	**1,698,471**	1,152,269
Between two to five years	**451,100**	1,731,923
Over five years	**381,816**	560,120
	7,730,417	10,464,418
Corporate bonds repayable:		
Within one year or on demand	**1,923,316**	–
Between one and two years	**498,437**	1,921,937
Between two to five years	**–**	498,148
	2,421,753	2,420,085
Total debts	**10,152,170**	12,884,503

As at 31 December 2019, the total debt of the Group decreased by approximately 2,732,332,000 or 21%, as compared with 31 December 2018.

Leverage

The gearing ratio of the Group as at 31 December 2019, calculated as a ratio of the sum of bank and other borrowings and corporate bonds to total assets, was approximately 23% (31 December 2018: 26%). The net equity of the Group as at 31 December 2019 was approximately RMB20,867,821,000 (31 December 2018: approximately RMB23,900,537,000).

As at 31 December 2019, the Group recorded total current assets of approximately RMB21,803,811,000 (31 December 2018: RMB27,966,791,000) and total current liabilities of approximately RMB18,010,483,000 (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 1.2 as at 31 December 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 31 December 2019, bank and other borrowings of approximately RMB7,427,014,000, RMB6,976,000, RMBnil, nil and RMB296,427,000 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). As at 31 December 2019, corporate bonds of approximately RMB2,412,713,000 and RMB9,040,000 were denominated in RMB and Hong Kong dollars respectively (31 December 2018: RMB2,411,465,000 and RMB8,620,000). The debts in various currencies were mainly made to finance the operation of Group's entities in different jurisdictions.

Bank and other borrowings and corporate bonds of approximately RMB9,877,218,000 (31 December 2018: RMB11,346,826,000) 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 Australian dollars. The Group currently does not have foreign exchange and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

Pledge of Assets

Details of the Group's pledged assets as at 31 December 2019 are set out in Note 22 to the consolidated financial information in this announcement.

Operating Segment Information

Details of the operating segment information of the Group for the Year 2019, are set out in Note 4 to the consolidated financial information in this announcement.

Capital Commitments

Details of the capital commitments of the Group as at 31 December 2019 are set out in Note 21 to the consolidated financial information in this announcement.

Contingent Liabilities

Details of contingent liabilities of the Group as at 31 December 2019 are set out in Note 20 to the consolidated financial information in this announcement.

SUBSEQUENT EVENTS

Details of the subsequent events of the Group that have occurred since the end of the Year 2019 are set out in Note 23 to the consolidated financial information in this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS

To expand the scale of operations and improve the quality of the assets of the Group, the Group conducted the following material acquisition in the Year 2019:

On 31 December 2019, Nanjing Fullshare Dazu Technology Co., Ltd.*（南京豐盛大族科技股份有限公司）(“**Fullshare Dazu**”), an indirectly wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Nanjing Chuangrui Enterprise Management Co., Ltd.*（南京創睿企業管理有限公司）(“**Nanjing Chuangrui**”), pursuant to which, Fullshare Dazu agreed to acquire, and Nanjing Chuangrui agreed to sell 100% equity interests of Nanjing Zhonghui Heda Business Management Co., Ltd.*（南京眾慧合達商業管理有限公司）(the “**Target Company**”) for a consideration of RMB398 million (equivalent to approximately HK$443.06 million). The Target Company is principally engaged in holding two floors of a large shopping mall in Liuhe District, Nanjing, Jiangsu Province, the PRC. The acquisition of the Target Company was completed on 21 January 2020. Details of the acquisition were set out in the announcements of the Company dated 31 December 2019 and 17 January 2020 respectively.

In the Year 2019, save as disclosed above, the Group did not have any other material acquisition or disposal of subsidiaries, associates or joint ventures.

DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 December 2019.

EMPLOYEES

As at 31 December 2019, the Group had about 6,694 employees (31 December 2018: 6,652 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB1,807,414,000 in the Year 2019 (Year 2018: approximately RMB1,741,290,000). Employees' remunerations are determined according to the Group's operating results, job requirements, market salary level and ability of individuals. The Group regularly reviews its remuneration policy and additional benefit programs and makes necessary adjustments to bring them in line with the industry level. In addition to basic salaries, the Group has established revenue sharing programs and performance appraisal plans to provide rewards according to the Group's results and employees' individual performance. The Group has also adopted a share option scheme and a share award scheme to promote the implementation of enterprise culture of co-creation and co-sharing and procure the core employees of the Company to focus on long-term operation performance, as well as to attract, retain and impel core talents.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Audit Committee currently comprises three independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal financial control system of the Group and to review the Group's interim and annual reports and financial information. The Audit Committee has reviewed the audited consolidated financial information of the Group for the Year 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save for the Company's repurchase of its own shares on the Stock Exchange as disclosed below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year 2019. All repurchased shares were subsequently cancelled in October 2019.

Month of repurchase in the Year 2019	**Number of shares repurchased**	**Purchase consideration per share**		**Aggregate consideration paid (before deduction of expenses)**
		Highest	**Lowest**	
		HK$	*HK$*	*HK$*
September	23,670,000	0.212	0.208	4,980,540

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the Year 2019 as set out in this announcement have been agreed with the Group's auditor, Baker Tilly Hong Kong Limited ("**Baker Tilly**"), which is consistent with the figures set out in the Group's audited consolidated financial statements for the Year 2019. The work performed by Baker Tilly in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly on this announcement.

CORPORATE GOVERNANCE CODE

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

The Company has applied the principles and complied with the CG Code during the Year 2019 except for the following deviation:

Under the Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year 2019, the positions of chairman and chief executive officer ("**CEO**") of the Company were held by Mr. Ji Changqun ("**Mr. Ji**"). The Board believes that the holding of both positions of chairman and CEO by the same individual allows more effective planning and execution of business strategies. In addition, the Board is of the view that the balanced composition of executive and the independent non-executive Directors on the Board and the various committees of the Board in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority. The Board will review regularly to consider that this structure will not impair the balance of power and authority between the Board and the management of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, they have complied with the required standard as set out in the Model Code throughout the Year 2019.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement has been published on the website of the Stock Exchange, www.hkexnews.hk, and the website of the Company, www.fullshare.com. The annual report for the Year 2019 will be despatched to the shareholders of the Company and published on the above-mentioned websites in due course.

By Order of the Board
Fullshare Holdings Limited
Ji Changqun
Chairman

Hong Kong, 31 March 2020

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

* *For identification purpose only*