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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the "**Board**") of directors (the "**Directors**") of Fullshare Holdings Limited (the "**Company**") announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2020 (the "**Period Under Review**"), together with comparative figures for the previous corresponding period prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

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

for the six months ended 30 June 2020

		For the six months ended 30 June	
		2020	2019
		(Unaudited)	(Unaudited)
	Note	***RMB'000***	*RMB'000*
Revenue	*5*	**5,783,484**	4,803,869
Cost of sales and services		**(4,580,148)**	(3,873,131)
Gross profit		**1,203,336**	930,738
Selling and distribution expenses		**(199,043)**	(205,132)
Administrative expenses		**(449,314)**	(542,074)
Research and development costs		**(232,380)**	(163,877)
Net impairment losses on financial assets	*3(f)*	**(512,665)**	(395,633)
Other income	*7*	**166,187**	394,839
Net fair value changes in financial instruments	*6*	**11,132**	(2,542,845)
Other (losses)/gains – net	*8*	**(278,078)**	18,280
Operating loss		**(290,825)**	(2,505,704)
Finance costs	*10*	**(344,363)**	(453,312)
Share of results of joint ventures		**(5,133)**	(231,341)
Share of results of associates		**8,268**	(17,222)
Loss before tax		**(632,053)**	(3,207,579)
Income tax credit	*11*	**44,868**	576,188
Loss for the period		**(587,185)**	(2,631,391)

	Note	For the six months ended 30 June 2020 (Unaudited) *RMB'000*	2019 (Unaudited) *RMB'000*
Other comprehensive (loss)/income for the period:			
Items that may be reclassified to profit or loss:			
– Exchange differences on translation of foreign operations		**(15,230)**	(25,778)
– Changes in fair value of debt investments at fair value through other comprehensive income		**2,833**	(8,195)
– Share of other comprehensive income/(loss) of associates		**1,883**	(31,291)
– Income tax relating to these items		**(2,204)**	2,049
		(12,718)	(63,215)
Items that will not be reclassified to profit or loss:			
– Changes in fair value of equity investments at fair value through other comprehensive income		**(37,800)**	12,728
– Income tax relating to these items		**(10,130)**	(23,363)
		(47,930)	(10,635)
Other comprehensive loss for the period, net of tax		**(60,648)**	(73,850)
Total comprehensive loss for the period		**(647,833)**	(2,705,241)
(Loss)/profit for the period attributable to:			
– Equity shareholders of the Company		**(644,814)**	(2,636,491)
– Non-controlling interests		**57,629**	5,100
		(587,185)	(2,631,391)
Total comprehensive (loss)/income for the period attributable to:			
– Equity shareholders of the Company		**(717,821)**	(2,733,024)
– Non-controlling interests		**69,988**	27,783
		(647,833)	(2,705,241)
Loss per share attributable to equity shareholders of the Company			
Basic loss per share	*13*	**RMB(0.033)**	RMB(0.134)
Diluted loss per share	*13*	**RMB(0.033)**	RMB(0.134)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

	Note	30 June 2020 (Unaudited) RMB'000	31 December 2019 (Audited) RMB'000
Non-current assets			
Property, plant and equipment		**5,464,717**	5,726,220
Investment properties		**4,389,082**	4,019,290
Right-of-use assets		**1,633,064**	1,667,466
Goodwill		**1,939,646**	2,089,430
Other intangible assets		**471,647**	505,564
Investments in joint ventures		**393,521**	387,025
Investments in associates		**1,754,104**	1,724,784
Financial assets at fair value through other comprehensive income	*15*	**3,428,730**	3,443,298
Financial assets at fair value through profit or loss	*14*	**45,640**	588,517
Loans receivables	*16(i)*	**61,850**	48,217
Other financial assets at amortised cost	*16(iv)*	**1,035,387**	1,019,182
Other receivables	*16(iii)*	**2,718**	12,075
Prepayments		**49,349**	186,787
Deferred tax assets		**687,950**	570,453
		21,357,405	21,988,308
Current assets			
Inventories		**2,949,319**	2,588,785
Trade receivables	*17*	**2,370,789**	2,465,152
Consideration receivables	*16(ii)*	**4,152**	183,678
Loans receivables	*16(i)*	**2,268,142**	2,705,794
Prepayments		**836,744**	302,079
Other receivables	*16(iii)*	**2,071,096**	2,571,609
Other financial assets at amortised cost	*16(iv)*	**–**	254,050
Income tax prepaid		**164**	39,460
Financial assets at fair value through other comprehensive income	*15*	**2,998,373**	2,880,568
Financial assets at fair value through profit or loss	*14*	**2,344,466**	1,540,270
Properties under development		**186,472**	190,677
Properties held for sale		**221,590**	553,432
Restricted cash		**2,383,335**	2,731,254
Cash and cash equivalents		**3,662,335**	2,797,003
		22,296,977	21,803,811

	Note	30 June 2020 (Unaudited) *RMB'000*	31 December 2019 (Audited) *RMB'000*
Current liabilities			
Trade and bills payables	*18*	**6,114,151**	6,090,338
Other payables and accruals	*19*	**2,775,519**	3,116,778
Contract liabilities		**2,069,752**	575,808
Corporate bonds		**1,522,493**	1,923,316
Lease liabilities		**47,888**	39,808
Bank and other borrowings	*20*	**5,773,830**	5,199,030
Income tax payable		**857,706**	824,593
Warranty provision		**265,264**	216,868
Deferred income		**147,187**	23,944
		19,573,790	18,010,483
Net current assets		**2,723,187**	3,793,328
Total assets less current liabilities		**24,080,592**	25,781,636
Non-current liabilities			
Corporate bonds		**–**	498,437
Bank and other borrowings	*20*	**2,170,908**	2,531,387
Derivative financial instruments		**49,952**	59,952
Deferred income		**179,740**	185,189
Lease liabilities		**380,832**	404,855
Warranty provision		**131,470**	97,164
Deferred tax liabilities		**1,111,802**	1,136,831
		4,024,704	4,913,815
Net assets		**20,055,888**	20,867,821
Capital and reserves			
Share capital		**160,872**	160,872
Reserves		**16,729,865**	17,447,686
Equity attributable to equity shareholders of the Company		**16,890,737**	17,608,558
Non-controlling interests		**3,165,151**	3,259,263
Total equity		**20,055,888**	20,867,821

NOTES TO THE INTERIM CONDENSED 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 Unit 2805, Level 28, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, Hong Kong. The Company's shares are listed on The Stock Exchange of Hong Kong Limited ("**SEHK**").

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

The interim condensed consolidated financial information was approved for issue by the board of directors of the Company on 31 August 2020.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the SEHK.

The interim condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the Group's 2019 annual financial statements, except for the adoption of amendments to accounting policies as set out in Note 2.1.

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

2 BASIS OF PREPARATION (Continued)

The interim condensed consolidated financial information contains interim condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual financial statements. These interim condensed consolidated financial information and notes thereon do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2019.

The interim condensed consolidated financial information is unaudited, but has been reviewed by the Audit Committee. It has also been reviewed by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA.

2.1 New standards, amendments and interpretation adopted by the Group

In the current interim period, the Group has applied the Amendment to References to the Conceptual Framework in HKFRSs and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's interim condensed consolidated financial information:

Amendments to HKAS 1 and HKAS 8	*Definition of Material*
Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*

These amendments had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the interim condensed consolidated financial information.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 FINANCIAL RISK MANAGEMENT

Credit risk

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

The Group has the following types of financial assets that are subject to expected credit loss ("**ECL**") model:

- Trade receivables;
- Financial assets at amortised cost (excluding trade receivables);
- Bills receivables measured at FVOCI;
- Financial guarantee contracts; and
- Cash and cash equivalents and restricted cash.

The Group considers the probability of default upon initial recognition of asset and assesses 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 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;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor'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 behaviour of the debtor, including changes in the payment status of the debtor in the Group and changes in the operating results of the debtor.

(a) Trade receivables

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, *Financial Instruments*, which permits the use of lifetime ECL provision for trade receivables. To measure the ECL, trade receivables were grouped based on shared credit risk characteristics and invoice date.

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

(a) Trade receivables (Continued)

The ECL provision for trade receivables as at 30 June 2020 and 31 December 2019 was determined as follows:

30 June 2020 (Unaudited)	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	More than 4 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ECL rate	**3.15%**	**32.87%**	**51.20%**	**72.88%**	**100.00%**	**15.91%**
Gross carrying amount under ECL model (excluding those debtors of which 100% allowance has been provided)	**2,290,489**	**119,538**	**111,887**	**65,125**	**232,259**	**2,819,298**
Loss allowance under ECL model	**(72,200)**	**(39,296)**	**(57,288)**	**(47,466)**	**(232,259)**	**(448,509)**
100% loss allowance specifically provided	**–**	**(27,857)**	**(108,762)**	**(42,806)**	**(13,964)**	**(193,389)**
Loss allowance	**(72,200)**	**(67,153)**	**(166,050)**	**(90,272)**	**(246,223)**	**(641,898)**
Net carrying amount	**2,218,289**	**80,242**	**54,599**	**17,659**	**–**	**2,370,789**

During the six months ended 30 June 2020, provision for loss allowance of approximately RMB79,540,000 was made to two customers, who are the subsidiaries of the same group, for trade receivables from sales of goods. As these two customers are in the process of liquidation due to their financial difficulties, the Group considered that the amount was probably not recoverable.

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

(a) Trade receivables (Continued)

The ECL provision for trade receivables as at 30 June 2020 and 31 December 2019 was determined as follows: (Continued)

31 December 2019 (Audited)	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 3 years *RMB'000*	Between 3 and 4 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% allowance has been provided)	2,293,052	189,142	155,851	52,320	221,827	2,912,192
Loss allowance under ECL model	(68,156)	(44,649)	(69,125)	(43,283)	(221,827)	(447,040)
100% loss allowance specifically provided	(1,873)	(24,861)	(56,320)	(6,652)	(11,740)	(101,446)
Loss allowance	(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)

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

As at 30 June 2020 and 31 December 2019, the Group provided for ECL provision against financial assets at amortised cost (excluding trade receivables) as follows:

30 June 2020 (Unaudited)

	ECL rate	**Gross carrying amount** *RMB'000*	**ECL provision** *RMB'000*	**Carrying amount (net of provision for loss allowances)** *RMB'000*
Loans receivables*	**29.21%**	**3,291,453**	**(961,461)**	**2,329,992**
Consideration receivables	**24.78%**	**5,520**	**(1,368)**	**4,152**
Other receivables	**21.33%**	**2,636,075**	**(562,261)**	**2,073,814**
Other financial assets at amortised cost	**0.04%**	**1,035,752**	**(365)**	**1,035,387**
		6,968,800	**(1,525,455)**	**5,443,345**

31 December 2019 (Audited)

	ECL rate	Gross carrying amount *RMB'000*	ECL provision *RMB'000*	Carrying amount (net of provision for loss allowances) *RMB'000*
Loans receivables	18.24%	3,368,261	(614,250)	2,754,011
Consideration receivables	0.74%	185,046	(1,368)	183,678
Other receivables	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

* 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.

Credit risk (Continued)

(c) Bills receivables measured at FVOCI

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

(d) Financial guarantee contracts

Management considered the internal credit risk of financial guarantee contracts that were performing as low as they have a low risk of default and the counterparties have a strong capacity to meet its contractual payment obligations in the near term, and thus the impairment provision recognised during the period was limited to 12 months expected losses. For the six months ended 30 June 2020 and 2019, no provision for loss allowance were recognised in profit or loss in relation to the financial guarantee contracts.

(e) Cash and cash equivalents and restricted cash

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, management considered that no material impairment loss was identified.

(f) Reconciliation of ECL provision

The movements of ECL provision during the six months ended 30 June 2020 and year ended 31 December 2019 are as follows:

	Trade receivables *RMB'000*	**Loans receivables** *RMB'000*	**Consideration receivables** *RMB'000*	**Other receivables** *RMB'000*	**Other financial assets at amortised cost** *RMB'000*	**Total** *RMB'000*
ECL provision as at 1 January 2020 (Audited)	548,486	614,250	1,368	508,639	365	1,673,108
Provision for loss allowance recognised in profit or loss	93,854	347,211	–	71,600	–	512,665
Uncollectible receivables written off during the period	(442)	–	–	–	–	(442)
Released upon deemed disposal of a subsidiary	–	–	–	(17,978)	–	(17,978)
ECL provision as at 30 June 2020 (Unaudited)	641,898	961,461	1,368	562,261	365	2,167,353

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

(f) Reconciliation of ECL provision (Continued)

The movements of ECL provision during the six months ended 30 June 2020 and year ended 31 December 2019 are as follows: (Continued)

	Trade receivables *RMB'000*	Loans receivables *RMB'000*	Consideration receivables *RMB'000*	Other receivables *RMB'000*	Other financial assets at amortised cost *RMB'000*	Total *RMB'000*
ECL provision as at 1 January 2019 (Audited)	551,567	116,987	77,094	48,207	72	793,927
Provision for loss allowance recognised in profit or loss	15,998	497,263	–	72,240	293	585,794
Reversal for loss allowance recognised in profit or loss	–	–	(75,726)	–	–	(75,726)
Uncollectible receivables written off during the year	(19,079)	–	–	(17,047)	–	(36,126)
Provision for loss allowances recognised in disposal group	-	-	-	405,239	-	405,239
ECL provision as at 31 December 2019 (Audited)	548,486	614,250	1,368	508,639	365	1,673,108

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 loss, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that certain income and gains/losses, finance costs as well as head office and corporate expenses are excluded from such measurement.

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

4 OPERATING SEGMENT INFORMATION (Continued)

Segment assets exclude deferred tax assets, certain property, plant and equipment, certain right-of-use assets, income tax 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 income tax 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.

	For the six months ended 30 June 2020 (Unaudited)					
	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	**124,364**	**29,520**	**9,521**	**151,283**	**5,468,796**	**5,783,484**
Fair value changes in financial instruments	**–**	**–**	**11,132**	**–**	**–**	**11,132**
Segment results	**(23,549)**	**(157,381)**	**(386,496)**	**(175,367)**	**435,366**	**(307,427)**
Reconciliation:						
Unallocated bank interest income *(Note 7)*						**41,617**
Gain on disposal of subsidiaries *(Note 8)*						**7,760**
Loss on disposal of an associate *(Note 8)*						**(12,388)**
Unallocated income and losses						**25,562**
Corporate and other unallocated expenses						**(42,814)**
Finance costs *(Note 10)*						**(344,363)**
Loss before tax						**(632,053)**
Segment assets as at 30 June 2020 (Unaudited)	**7,612,967**	**659,162**	**7,844,468**	**952,270**	**19,540,287**	**36,609,154**
Reconciliation:						
Corporate and other unallocated assets						**7,045,228**
Total assets as at 30 June 2020 (Unaudited)						**43,654,382**
Segment liabilities as at 30 June 2020 (Unaudited)	**898,351**	**48,258**	**194,802**	**451,446**	**9,459,077**	**11,051,934**
Reconciliation:						
Corporate and other unallocated liabilities						**12,546,560**
Total liabilities as at 30 June 2020 (Unaudited)						**23,598,494**

4 OPERATING SEGMENT INFORMATION (Continued)

	For the six months ended 30 June 2019 (Unaudited)					
	Properties *RMB'000*	Tourism *RMB'000*	Investment and financial services *RMB'000*	Healthcare, education and others *RMB'000*	New energy *RMB'000*	Total *RMB'000*
Segment revenue:						
Sales to external customers	253,662	169,044	24,246	162,020	4,194,897	4,803,869
Fair value changes in financial instruments	–	–	(2,542,845)	–	–	(2,542,845)
Segment results	(128,723)	(25,110)	(2,784,742)	9,011	222,901	(2,706,663)
Reconciliation:						
Unallocated bank interest income *(Note 7)*						46,846
Gain on disposal of subsidiaries *(Note 8)*						12,762
Loss on disposal of an associate *(Note 8)*						(5,093)
Gain on disposal of a joint venture *(Note 8)*						10,840
Unallocated income and losses						(15,073)
Corporate and other unallocated expenses						(97,886)
Finance costs *(Note 10)*						(453,312)
Loss before tax						(3,207,579)
Segment assets as at 31 December 2019 (Audited)	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 as at 31 December 2019 (Audited)						43,792,119
Segment liabilities as at 31 December 2019 (Audited)	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 as at 31 December 2019 (Audited)						22,924,298

4 OPERATING SEGMENT INFORMATION (Continued)

Revenue from external customers by locations of customers

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
People's Republic of China ("**PRC**")	**4,234,255**	2,930,299
United States of America	**801,366**	1,269,277
Europe	**190,430**	166,092
Australia	**177,795**	205,186
Other countries	**379,638**	233,015
	5,783,484	4,803,869

5 REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Properties segment:		
– Property development and sales	**25,147**	123,476
– Construction services	**9,740**	12,148
	34,887	135,624
Tourism segment:		
– Hotel operations	**29,511**	68,838
– Sales of tourist goods and services	**9**	100,206
	29,520	169,044
New energy segment:		
– Sale of gear products	**5,468,796**	4,194,897
Investment and financial services segment:		
– Investment and financial consulting services	**9,521**	24,246
Healthcare, education and others segment:		
– Education services	**151,283**	136,349
– Healthcare products and other services	**–**	25,671
	151,283	162,020
	5,694,007	4,685,831
Revenue from other sources		
Properties segment:		
– Gross rental income	**89,477**	118,038
	5,783,484	4,803,869

5 REVENUE (Continued)

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

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Timing of revenue recognition:		
– Recognised at a point in time	**5,493,952**	4,444,250
– Recognised over time	**200,055**	241,581
	5,694,007	4,685,831

6 NET FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Fair value gains/(losses) in financial assets at fair value through profit or loss *(Note)*	**1,132**	(2,542,845)
Fair value gains in derivative financial instruments	**10,000**	–
	11,132	(2,542,845)

Note:

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

7 OTHER INCOME

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Bank interest income	**41,617**	46,846
Other interest income	**26,737**	171,274
Dividend income	**8,719**	60,265
Management fees income	**17,534**	35,909
Government grants *(Note)*	**26,770**	43,388
Others	**44,810**	37,157
	166,187	394,839

Note:

Government grants relating to purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line method over the expected useful lives of the related assets.

There are no unfulfilled conditions or contingencies attaching to these grants.

8 OTHER (LOSSES)/GAINS – NET

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Gain on disposal of subsidiaries	**7,760**	12,762
Fair value gains of investment properties	**952**	19,091
Loss on disposal of property, plant and equipment	**(2,992)**	(11,715)
Gain on disposal of right-of-use assets	**–**	6,196
Loss on disposal of an associate	**(12,388)**	(5,093)
Gain on disposal of a joint venture	**–**	10,840
Impairment loss on goodwill *(Note (a))*	**(146,350)**	–
Impairment loss on property, plant and equipment *(Note (b))*	**(132,800)**	–
Foreign exchange gains/(losses) – net	**21,610**	(12,202)
Others	**(13,870)**	(1,599)
	(278,078)	18,280

8 OTHER (LOSSES)/GAINS – NET (Continued)

Note:

(a) During the six months ended 30 June 2020, the Group recognised an impairment loss of RMB146,350,000 (six months ended 30 June 2019: RMBNil) in relation to goodwill of education cash-generating-unit ("**CGU**"). Since the outbreak of novel coronavirus epidemic (the "**COVID-19 outbreak**") have had negative impacts to the economy and resulted in more health concerns for the children, the operating performance and the growth rate were below the expectation. The management considers that such impact is not temporary and reassessed the recoverable amounts by using revised cash flow projections. In view that the recoverable amount is lower than the carrying value, an impairment loss was therefore recognised.

No impairment of goodwill was recognised in relation to new energy CGU and investment and financial services CGU in both current and prior periods.

(b) As a result of the changes in the current economic environment related to the COVID-19 outbreak, the Group is experiencing negative conditions in its tourism segment in Australia including sharp decrease in revenue due to quarantine measure as well as travel restrictions imposed by many countries and the economic downturn, which indicate that the relevant property, plant and equipment may be impaired. During the six months ended 30 June 2020, the Group performed impairment testing and recognised an impairment loss of RMB126,300,000 (six months ended 30 June 2019: RMBNil) related to hotel and land used for development of resort. In addition, an impairment loss of RMB6,500,000 was recognised (six months ended 30 June 2019: RMBNil) for certain obsolete property, plant and equipment in new energy CGU.

9 EXPENSES BY NATURE

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Staff costs		
– Salaries and other benefits	**811,229**	771,845
– Pension scheme contributions	**30,550**	62,174
Cost of inventories sold	**3,610,598**	2,866,343
Depreciation of property, plant and equipment	**247,763**	264,611
Depreciation of right-of-use assets	**37,340**	24,067
Cost of properties sold	**59,058**	71,817
Advertising expenses	**17,511**	83,340
Provision for inventories write-down	**33,249**	47,459
Amortisation of other intangible assets	**36,223**	49,124
Others	**577,364**	543,434
	5,460,885	4,784,214
Representing:		
– Cost of sales and services	**4,580,148**	3,873,131
– Selling and distribution expenses	**199,043**	205,132
– Administrative expenses	**449,314**	542,074
– Research and development costs	**232,380**	163,877
	5,460,885	4,784,214

10 FINANCE COSTS

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**269,739**	366,895
Interest on corporate bonds	**63,732**	95,620
Interest on lease liabilities	**10,892**	8,043
Less: Interest capitalised	**–**	(17,246)
	344,363	453,312

11 INCOME TAX CREDIT

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

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax – expense/(credit) for the period		
– The People's Republic of China (the "**PRC**")	**62,401**	60,046
– Hong Kong	**11,413**	20,071
– Australia	**(426)**	(3,160)
– Singapore	**62**	756
Deferred tax	**(118,318)**	(653,901)
	(44,868)	(576,188)

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

PRC CIT has been provided at the rate of 25% (six months ended 30 June 2019: 25%) on the taxable profits of the Group's PRC subsidiaries, except those listed below, for the six months ended 30 June 2020.

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

Name of company	**Year ended during which approval was obtained**
Nanjing High Speed Gear Manufacturing Co., Ltd （南京高速齒輪製造有限公司）("**Nanjing High Speed**")	31 December 2017
Nanjing High Speed & Accurate Gear (Group) Co., Ltd. （南京高精齒輪集團有限公司）("**Nanjing High Accurate**")	31 December 2017
Nanjing High Accurate Rail Transportation Equipment Co., Ltd （南京高精軌道交通設備有限公司）("**Rail Transportation**")	31 December 2017

Note:

The approvals of preferential tax rate of Nanjing High Speed, Nanjing High Accurate and Rail Transportation were issued on 27 December 2017, 17 November 2017 and 7 December 2017 respectively. The preferential tax rate was applicable for 3 years when it was first approved by the taxation authority and therefore a 15% preferential tax rate was applied for these subsidiaries in the calculation of CIT for the six months ended 30 June 2020. As at the end of the reporting period, Nanjing High Speed, Nanjing High Accurate and Rail Transportation are in the processes of applying the renewals of the qualification of the high technology development enterprises.

(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 appreciation values do not exceed 20% of the sum of the total deductible items.

(c) Other corporate income tax

Enterprises incorporated in other places other than the PRC are subject to income tax rates of 8.25% to 30% (six months ended 30 June 2019: 16.5% to 30%) prevailing in the places in which these enterprises operated for the six months ended 30 June 2020.

12 DIVIDENDS

The board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2020 (six months ended 30 June 2019: RMBNil).

13 LOSS PER SHARE

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

	For the six months ended 30 June	
	2020	2019
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss for the purpose of calculating the basic and diluted loss per share	**(644,814)**	(2,636,491)
Weighted average number of ordinary shares in issue	**19,687,870,331**	19,720,301,031
Basic and diluted loss per share	**RMB(0.033)**	RMB(0.134)

There were no potential dilutive ordinary shares outstanding due to outstanding share options for both the six months ended 30 June 2020 and 30 June 2019. For the six months ended 30 June 2020 and 30 June 2019, the weighted average number of ordinary shares in issue were adjusted for the acquisition of 17,521,400 shares by trustee during the year ended 31 December 2018 held for the Group's share award scheme.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVPL comprise:

- Equity investments that are held for trading;
- Equity investments for which the Group has not elected to 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.

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

	30 June 2020 (Unaudited) *RMB'000*	31 December 2019 (Audited) *RMB'000*
Non-current assets		
Derivative financial instruments *(Note (a) and (e))*	**45,640**	588,517
Current assets		
Listed equity investments *(Note (b))*	**656,797**	829,383
Unlisted equity investments	**472,119**	465,466
Trade receivables measured at FVPL *(Note (c))*	**320,361**	86,340
Unlisted debt investments	**–**	1,500
Structured bank deposits *(Note (d))*	**334,605**	157,581
Derivative financial instruments *(Note (a))*	**560,584**	–
	2,344,466	1,540,270
	2,390,106	2,128,787

Note:

(a) On 31 August 2017, the Group entered into a limited partnership agreement (the "**Agreement**") with Ningbo Zhongbang Chanrong Holding Co., Ltd. (“寧波眾邦產融控股有限公司”)(“**Ningbo Zhongbang**”) and Ningbo Jingbang Asset Management Co., Ltd (“寧波靖邦資產管理有限公司”) in respect of the establishment of an investment fund in the PRC named Shanghai Guiman Enterprise Management L.P. (“上海圭蔓企業管理合夥企業(有限合夥)”) (the "**Guiman Fund**"). The Group is a limited partner and has invested RMB500,000,000 in the Guiman Fund. As mentioned in the Agreement, the Group would not bear any loss of Guiman Fund and was guaranteed with an annualised return rate not less than 9% during the 3-year investment period. If the Group does not withdraw from the partnership at the end of 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 30 June 2020 and 31 December 2019.

On 4 August 2020, the Group entered into an agreement (the "**Guiman Fund Agreement**") with Guiman Fund and all partners of Guiman Fund in respect of the Group's withdrawal from the partnership and Ningbo Zhongbang's taking up the respective capital contribution. The capital contribution of the Group as well as the guaranteed returns would be paid by Ningbo Zhongbang within 60 working days from the date of Guiman Fund Agreement.

Note: (Continued)

(b) The balances as at 30 June 2020 and 31 December 2019 represented the fair values of equity shares of a portfolio of Hong Kong listed securities based on the closing prices of these securities quoted on the SEHK on that date. The directors of the Company consider that the closing prices of these securities are the fair values of these investments.

	30 June 2020 (Unaudited) *RMB'000*	31 December 2019 (Audited) *RMB'000*
Zall Group (2098.SEHK)	**637,578**	645,482
C&D International Investment Group Limited (1908.SEHK)	**–**	145,142
China Saite Group Company Limited (153.SEHK)	**18,018**	26,877
Medicskin Holdings Limited (8307.SEHK)	**–**	11,882
Nanjing Sample Technology Company Limited (1708.SEHK)	**1,201**	–
	656,797	829,383

(c) Trade receivables measured at FVPL

On 3 September 2018, the Group entered into two agreements with ING BANK N. V. ("**ING**") to sell all of its eligible trade receivables under certain customers and all right, title, interest and benefit the Group has in each such eligible trade receivables on a non-recourse basis without the need for any further action or documentation on the part of the Group or ING, at a discount calculated based on the base rate and number of days for early payment as specified in the agreement.

At 30 June 2020, such trade receivables that are held solely for selling purpose amounting to RMB320,361,000 (31 December 2019: RMB86,340,000) were classified as financial assets at FVPL. For the six months ended 30 June 2020, fair value loss of RMB1,911,000 (six months ended 30 June 2019: RMB11,243,000) is recognised in "Net fair value changes in financial instruments".

(d) Structured bank deposits

At 30 June 2020, structured bank deposits of RMB334,605,000 (31 December 2019: RMB155,480,000) represented financial instruments placed by the Group to four (31 December 2019: two) banks in the PRC for a term within one year. The contract guarantees principal and proceeds are related to the performance of exchange rate, interest rate or stock index on the market. Structured bank deposits amounted to RMB20,000,000 (31 December 2019: RMB104,176,000) were redeemed subsequent to the end of the reporting period.

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

Note: (Continued)

(e) 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**"), 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 30 June 2020 and 31 December 2019, the Qualifying Transactions have not been completed. The separate derivative associated with GSH Disposal Agreement was measured at FVPL amounting to RMB45,640,000 (31 December 2019: RMB46,617,000).

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVOCI comprise:

- Equity investments which are not held for trading, and the Group has irrevocably elected at initial recognition to 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.

	30 June 2020 (Unaudited) ***RMB'000***	31 December 2019 (Audited) *RMB'000*
Non-current assets		
Listed equity investment *(Note (a))*	**492,131**	473,556
Unlisted equity investments *(Note (b))*	**2,936,599**	2,969,742
	3,428,730	3,443,298
Current assets		
Bills receivables *(Note (c))*	**2,918,719**	2,778,410
Unlisted equity investments *(Note (b))*	**79,654**	102,158
	2,998,373	2,880,568
	6,427,103	6,323,866

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

Note:

(a) At 30 June 2020, the balance includes the Group's investment in Guodian Technology & Environment Group Corporation Limited（國電科技環保集團股份有限公司, 1296.SEHK）amounting to RMB8,922,000 (31 December 2019: RMB10,814,000), the investment in Riyue Heavy Industry Co., Ltd ("**Riyue**")（日月重工股份有限公司, 603218.SHSE）amounting to RMB403,022,000 (31 December 2019: RMB326,729,000), the investment in Class A ordinary shares, Class B ordinary shares and American Depository Shares of Tuniu Corporation (TOUR.O.NASDAQ) amounting to RMB58,162,000 (31 December 2019: RMB118,325,000) and the investment in China PengFei Group（中國鵬飛集團有限公司, 3348.SEHK）amounting to RMB22,025,000 (31 December 2019: RMB17,688,000).

(b) On 17 April 2017, Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd. ("Nanjing Drive") (a non wholly-owned subsidiary of the Company) 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 RMB2,028,000,000 (31 December 2019: RMB2,027,647,000) as at 30 June 2020 and a fair value gain of RMB353,000 was recognised in OCI for the six months ended 30 June 2020 (six months ended 30 June 2019: fair value loss of RMB10,146,000).

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

(c) 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.

For the six months ended 30 June 2020, fair value gain of RMB2,833,000 (six months ended 30 June 2019: fair value loss of RMB8,197,000) for bills receivables is recognised in OCI.

16 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES)

(i) Loans receivables

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
	RMB'000	*RMB'000*
Loan to a related party *(Note(a))*	**–**	7,000
Loans to third parties *(Note(b) and (c))*	**3,291,453**	3,361,261
Less: Loss allowance	**(961,461)**	(614,250)
	2,329,992	2,754,011
Represented:		
– Current portion	**2,268,142**	2,705,794
– Non-current portion	**61,850**	48,217
	2,329,992	2,754,011

Note:

(a) The Company 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）. As at 31 December 2019, the balance was unsecured, interest bearing at 9% per annum and has been fully settled in January 2020.

(b) During the six months ended 30 June 2020, the Group has not granted any new loan to nor received the repayment from third parties with individual amount more than RMB100,000,000. Details of loan receivables are set out in Note 28(i) of the Group's consolidated financial statements for the year ended 31 December 2019.

(c) As at 30 June 2020, a loan receivable of RMB6,385,000 (31 December 2019: RMBNil) was guaranteed by the Group's controlling shareholder, Mr. Ji Changqun ("**Mr. Ji**"). The guarantee was subsequently released upon the settlement in full in July 2020.

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

(ii) Consideration receivables

	30 June 2020 (Unaudited) *RMB'000*	31 December 2019 (Audited) *RMB'000*
Consideration receivables *(Note)*	**5,520**	185,046
Less: Loss allowance	**(1,368)**	(1,368)
	4,152	183,678

Note:

As at 31 December 2019, a receivable 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（寧波高光企業管理有限公司）. As at 30 June 2020, a receivable of RMB5,500,000 (31 December 2019: 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）.

(iii) Other receivables

	30 June 2020 (Unaudited) *RMB'000*	31 December 2019 (Audited) *RMB'000*
Other receivables		
– Amounts due from third parties *(Note)*	**2,584,479**	2,847,415
– Amounts due from joint ventures	**1,730**	445
– Amounts due from associates	**49,866**	244,463
Less: Loss allowance	**(562,261)**	(508,639)
	2,073,814	2,583,684
Represented:		
– Current portion	**2,071,096**	2,571,609
– Non-current portion	**2,718**	12,075
	2,073,814	2,583,684

(iii) Other receivables (Continued)

Note:

As at 30 June 2020, the balance included an amount of RMB895,543,000 (31 December 2019: RMB1,003,834,000) receivables from former subsidiaries which were disposed of during the year ended 31 December 2019, with accumulated impairment losses of RMB400,675,000 (31 December 2019: RMB405,239,000) which were considered probably not recoverable. The overdue beneficial interests of a trust of RMB512,813,000 as at 31 December 2019 was received during the six months ended 30 June 2020.

(iv) Other financial assets at amortised cost

	30 June 2020 (Unaudited) ***RMB'000***	31 December 2019 (Audited) *RMB'000*
Other financial assets at amortised cost		
– Amounts due from third parties *(Note (a))*	**1,035,752**	1,019,547
– Amount due from a related party *(Note (b))*	**–**	254,050
Less: Loss allowance	**(365)**	(365)
	1,035,387	1,273,232
Represented:		
– Current portion	**–**	254,050
– Non-current portion	**1,035,387**	1,019,182
	1,035,387	1,273,232

Note:

(a) The balances as at 30 June 2020 and 31 December 2019 represented two financial products purchased from an insurance company with interests of fixed rates at 6.50% and 5.80% respectively per annum, both with a 5-year maturity in 2023. The interest and principal are repayable at the maturity date.

(b) The balance as at 31 December 2019 represented the corporate bonds, issued by one of the Group's related parties in prior year, acquired from an independent third party. The amount was fully settled during the six months ended 30 June 2020.

17 TRADE RECEIVABLES

	30 June 2020 (Unaudited) *RMB'000*	31 December 2019 (Audited) *RMB'000*
Trade receivables		
– Amounts due from third parties	**3,005,729**	3,003,291
– Amounts due from joint ventures	**6,958**	10,347
Less: Loss allowance	**(641,898)**	(548,486)
	2,370,789	2,465,152

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

	30 June 2020 (Unaudited) *RMB'000*	31 December 2019 (Audited) *RMB'000*
Within 90 days	**2,041,270**	1,904,273
91 to 180 days	**72,413**	99,262
181 to 365 days	**104,606**	221,361
Over 365 days	**152,500**	240,256
	2,370,789	2,465,152

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

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

18 TRADE AND BILLS PAYABLES

	30 June 2020 (Unaudited) *RMB'000*	31 December 2019 (Audited) *RMB'000*
Trade payables		
– Amounts due to third parties	**2,661,887**	2,204,139
– Amounts due to joint ventures	**1,115**	1,115
– Amounts due to associates	**306**	318
Bills payables	**3,450,843**	3,884,766
	6,114,151	6,090,338

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

	30 June 2020 (Unaudited) *RMB'000*	31 December 2019 (Audited) *RMB'000*
Within 90 days	**3,121,657**	2,712,836
91 to 180 days	**2,198,914**	856,623
181 to 365 days	**597,169**	2,313,853
Over 365 days	**196,411**	207,026
	6,114,151	6,090,338

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.

19 OTHER PAYABLES AND ACCRUALS

	30 June 2020 (Unaudited) *RMB'000*	31 December 2019 (Audited) *RMB'000*
Accruals	**793,519**	1,029,335
Amounts due to joint ventures	**1,948**	–
Amounts due to associates	**113**	221
Other tax payables	**154,447**	124,171
Other payables	**567,407**	551,587
Refundable deposit received *(Note)*	**1,000,000**	1,000,000
Payroll and welfare payables	**129,771**	215,482
Liability arising from financial guarantee contracts	**28,115**	28,115
Payables for purchase of property, plant and equipment	**100,199**	167,867
	2,775,519	3,116,778

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

Note:

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

On 24 April 2018, the Company, Five Seasons XVI and the Potential Offeror entered into an earnest money agreement (the "**Earnest Money Agreement**"), pursuant to which, the Potential Offeror shall provide an amount in cash or cash equivalents of RMB1,000,000,000 to the Company (or its subsidiaries) as refundable earnest money within 30 days from the date of the Earnest Money Agreement. On 28 September 2018, the relevant parties entered into a supplemental earnest money agreement ("**Supplemental Earnest Money Agreement**", together with the Earnest Money Agreement, collectively referred to as "**Earnest Money Agreements**") to extend the term of the Earnest Money Agreement, and pursuant to which if, among others, no definitive agreement in respect of the Possible Sale and Purchase was entered into on or before 31 October 2018, the Company shall refund and return in full the earnest money (without any income accrued thereon) to the Potential Offeror (or its nominee) within 15 business days. As at 31 October 2018, no definitive agreement(s) has been entered into among the parties. As such, the Earnest Money Agreements have been automatically terminated. As at 30 June 2020 and 31 December 2019, the deposit received has yet to be refunded to the Potential Offeror.

20 BANK AND OTHER BORROWINGS

	30 June 2020		31 December 2019	
	Current (Unaudited) ***RMB'000***	**Non-current (Unaudited)** ***RMB'000***	Current (Audited) *RMB'000*	Non-current (Audited) *RMB'000*
Secured				
– Bank loans	**1,159,736**	**1,378,954**	1,042,057	1,559,500
– Loans from other financial institutions	**1,006,903**	**–**	1,344,000	–
– Loans from other third parties	**373,009**	**3,160**	315,959	1,000
Total secured borrowings	**2,539,648**	**1,382,114**	2,702,016	1,560,500
Unsecured				
– Bank loans	**2,396,531**	**–**	1,927,500	–
– Loans from ultimate holding company	**580,180**	**786,794**	502,099	755,860
– Loans from other third parties	**257,471**	**2,000**	67,415	215,027
Total unsecured borrowings	**3,234,182**	**788,794**	2,497,014	970,887
	5,773,830	**2,170,908**	5,199,030	2,531,387

Bank and other borrowings carry interest ranging from 0% to 12.5% (31 December 2019: 0% to 9.50%) per annum. Current loans from ultimate holding company of RMB580,180,000 (31 December 2019: RMB502,099,000) are interest-free and non-current loans from ultimate holding company of RMB786,794,000 (31 December 2019: RMB755,860,000) carry effective interest rate at 4.75% (31 December 2019: 4.75%) per annum.

Bank and other borrowings are repayable as follows:

	30 June 2020 (Unaudited) ***RMB'000***	31 December 2019 (Audited) *RMB'000*
Within one year or on demand	**5,773,830**	5,199,030
Between one and two years	**1,192,782**	1,698,471
Between two and five years	**697,355**	451,100
Over five years	**280,771**	381,816
	2,170,908	2,531,387
	7,944,738	7,730,417

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

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

(ii) The Group's assets as disclosed in Note 24.

In addition, bank loans of RMB1,806,352,000 (31 December 2019: RMB1,514,716,000) were guaranteed by Mr. Ji. Bank loans of RMB867,292,000 (31 December 2019: RMB500,000,000) were guaranteed by Mr. Ji and a close family member of Mr. Ji.

21 ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

On 24 March 2020, the Group acquired the entire equity interest in Nanjing Zhonghui Heda Business Management Co., Ltd（南京眾慧合達商業管理有限公司）(“**Nanjing Heda**”) from an independent third party with a consideration of RMB398,000,000. Nanjing Heda is principally engaged in property investment. The acquisition was made as part of the Group’s strategy to increase the commercial property portfolio. Since the acquisition was made solely to acquire its investment properties, the acquisition of Nanjing Heda has been accounted for as acquisition of assets and liabilities through acquisition of a subsidiary rather than a business combination in accordance with HKFRS 3.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value consideration allocated (Unaudited) *RMB’000*
Investment properties	384,826
Other receivables	23,610
Cash and cash equivalents	1,269
Other payables and accruals	(11,705)
Net assets acquired	398,000
Total consideration settled by cash	398,000
Analysis of cash flows on acquisition:	
Cash consideration	(398,000)
Cash acquired with the subsidiary	1,269
Net cash outflows on acquisition	(396,731)

22 CONTINGENT LIABILITIES

As at 30 June 2020, contingent liabilities not provided for in the interim condensed consolidated financial information were as follows:

(i) Mortgage facilities

	30 June 2020 **(Unaudited)** ***RMB’000***	31 December 2019 (Audited) *RMB’000*
Guarantees given to banks in connection with mortgage facilities *(Note (a))*	**80,074**	225,494
Guarantees given to a bank in connection with motor vehicle finance lease facilities *(Note (b))*	**34,717**	43,574

22 CONTINGENT LIABILITIES (Continued)

(i) Mortgage facilities (Continued)

Note:

(a) The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalties owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtains the "property title certificate" for the mortgagees, or when the Group obtains the "master property title certificate" upon completion of 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. Therefore, no provision has been made in the interim condensed consolidated financial information for the guarantees.

(b) 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 interests 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 4.93% of granted amounts; and Nanjing Jiangong Industrial Group Co., Ltd.（南京建工產業集團有限公司）(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 interim condensed consolidated financial information for these guarantees.

(ii) As at 30 June 2020, the Group provided guarantees to an associate and two independent third parties in favour of their bank loans of RMB298,010,000 (31 December 2019: RMB306,010,000) and RMB470,974,000 (31 December 2019: RMB474,000,000), respectively. These amounts represented the balances that the Group could be required to pay if the guarantees were called upon in its entirety. At the end of the reporting period, an amount of RMB28,115,000 (31 December 2019: RMB28,115,000) has been recognised in the interim condensed consolidated statement of financial position as liabilities.

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

22 **CONTINGENT LIABILITIES (Continued)**

(iii) (Continued)

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

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

In the opinion of the directors, based on the claim history from the purchaser to the Group and the reimbursement history from the former owner to the Group, the possibility of default or inability of discharging the relevant obligations by the Group is remote. Accordingly, no provision in relation to the guarantee has been made as at 30 June 2020 and 31 December 2019.

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

In 2019, NGC Transmission Europe GmbH received a claim (the "**Claim**") filed by SET with a total amount of EUR11,773,000 (equivalent to RMB92,012,000) (the "**Claimed Amount**") against NGC Parties for breaches of contractual obligations under the Cooperation Agreement relating to the Project.

Upon the date of the approval of the interim condensed consolidated financial 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 30 June 2020, based on the assessment of the independent lawyers, a compensation liability amounting to RMB8,066,000 (31 December 2019: RMB8,066,000) was accrued by the management.

(v) On 16 August 2019, it came to the attention of the Company that Mr. Ji was named a defendant in a proceeding involving claim for alleged overdue payments of approximately HK$1,466,000,000 (the "**Proceeding**"). No further information in respect of the Proceeding and the claim thereunder is available as at the date of this interim condensed consolidated financial information. Pursuant to relevant terms of the Group's loan agreements, the Proceeding might be considered as an event of default the occurrence of which will allow the lender to demand accelerated repayments for certain loans of the Group totalling approximately RMB1,055,081,000 as at 30 June 2020 (31 December 2019: RMB1,076,889,000) ("**Loan**"). However, up to the date of this interim condensed consolidated financial information, the Group has not received any request from any lender of the Loan for any accelerated repayment. Further, the management of the Company considers that adequate collaterals have been provided to secure the Loan. Accordingly, no adjustment or reclassification of the Loan is made to reflect the impact of the Proceeding.

23 COMMITMENTS

(i) Operating lease arrangement – the Group as lessor

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

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

	30 June 2020 (Unaudited) ***RMB'000***	31 December 2019 (Audited) *RMB'000*
Within 1 year	**278,645**	268,210
After 1 year but within 2 years	**290,900**	278,384
After 2 years but within 3 years	**195,941**	293,250
After 3 years but within 4 years	**55,753**	88,698
After 4 years but within 5 years	**53,499**	12,817
After 5 years	**120,005**	83,898
	994,743	1,025,257

(ii) Capital commitments

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

	30 June 2020 (Unaudited) ***RMB'000***	31 December 2019 (Audited) *RMB'000*
Contracted, but not provided for:		
– Property, plant and equipment	**289,597**	237,046
– Capital contributions to associates	**177,000**	129,000
– Capital contributions to joint ventures	**350,000**	50,000
	816,597	416,046

23 COMMITMENTS (Continued)

(iii) Other commitments

On 9 February 2018, the Company, China Merchants Securities Asset Management Company Limited（招商證券資產管理有限公司）and Ningbo Zhongbang Chanrong Holding 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 approximately RMB3,342,507,000 which was determined with reference to the capital contributions made by the Limited Partners of an aggregate amount of approximately RMB2,630,000,000 and the expected return to be distributed by the Fund in accordance with the terms of the limited partner agreement on the relevant settlement date in accordance with the terms of the Forward Purchase Agreement. 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 Online to Offline (“**O2O**”) service provider in the PRC tourism business. As at 30 June 2020, the Fund invested as to approximately 26.33% (31 December 2019: 26.33%) interests in Shanghai Joyu.

24 PLEDGE OF ASSETS

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

	30 June 2020 (Unaudited)	31 December 2019 (Audited)
	RMB’000	*RMB’000*
Properties under development	**186,472**	16,974
Properties held for sale	**53,685**	–
Investment properties	**3,621,241**	3,938,321
Property, plant and equipment	**1,809,445**	1,902,164
Right-of-use assets regarding the land use rights	**252,594**	254,658
Financial assets at FVOCI	**1,139,248**	1,310,735
Pledged bank deposits	**2,373,149**	2,720,564
	9,435,834	10,143,416

25 EVENTS AFTER THE REPORTING PERIOD

(i) COVID-19 outbreak

Since January 2020, COVID-19 outbreak has impacted the global business environment. Up to the date of this interim condensed consolidated financial information, COVID-19 outbreak has created impact to the Group. Pending the development and spread of COVID-19 pandemic subsequent to the date of the interim condensed consolidated financial information, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of this interim condensed consolidated financial information. The Group will continue to monitor the development of the COVID-19 pandemic and react actively to its impact on the financial position and operating results of the Group.

(ii) Disposal of 3.58% of Zall Group Shares by way of placing

On 31 July 2020, completion of placing of shares of Zall Group ("**Zall Group Shares**") (the "**Placing**") took place in accordance with the terms and conditions of the placing agreement entered into by the Group on 5 June 2020 ("**Placing Agreement**"), pursuant to which an aggregate of 422,000,000 of Zall Group Shares have been placed to placees at the placing price of HK$0.78 per Zall Group Share. The gross proceeds and the net proceeds from the Placing amounted to approximately HK$329,160,000 and HK$328,475,000 respectively. After the completion of Placing, the Group holds 587,453,000 Zall Group Shares, representing approximately 4.99% of the total issued share capital of Zall Group.

Details of the Placing are set out in the announcements of the Company dated 5 June 2020 and 31 July 2020 respectively.

(iii) Disposal of shares of Riyue through open market and block trade

During the period between 22 August 2019 and 5 August 2020, the Group (through a wholly-owned subsidiary of CHS) disposed an aggregate of 11,049,777 shares of Riyue through open market and block trade in a series of transactions at an aggregate gross proceeds of approximately RMB206,612,000 (exclusive of transaction costs).

Details of the disposal are set out in the announcement of the Company dated 11 August 2020.

BUSINESS REVIEW

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

(1) Property business

(a) Property sales

During the Period Under Review, the Group had contracted sales of approximately Renminbi ("**RMB**") 20,253,000, representing a decrease of approximately 91% as compared with the six months ended 30 June 2019 (the "**Corresponding Period of 2019**"). The Group made contracted sales for an aggregate gross floor area ("**GFA**") of approximately 1,088 sq.m., representing a decrease of approximately 92% as compared with the Corresponding Period of 2019. The contracted sales for Period Under Review were mainly contributed by Yuhua Salon Project. As at 30 June 2020, the Group's contracted sales for the contracts signed but properties not yet delivered were approximately RMB3,500,000 with a total GFA of 187 sq.m. The decrease in contracted sales and GFA was mainly because most of the projects have been completed and disposed of in previous years. During the Period Under Review, the average contracted selling price was approximately RMB18,623 per sq.m., representing an increase of approximately 11% as compared with the Corresponding Period of 2019.

As at 30 June 2020, a breakdown of the major properties held by the Group in the People's Republic of China (the "**PRC**") and their construction status was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area *(sq.m.)*	GFA completed *(sq.m.)*	GFA under construction *(sq.m.)*	Accumulated contracted sales GFA *(sq.m.)*	Interest attributable to the Group
Yuhua Salon (雨花客廳) A1	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	33,606	79,287	–	60,248	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	Third 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	–	70,677	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%
Lianyungang Shunfeng Project (連雲港順豐項目) #	No. 8 Xinguang Road, Lianyungang economics development zone, Nanjing, Jiangsu Province, the PRC	Commercial project	Completed	Completed	–	7,571	–	–	100%
					155,486	409,883	81,380	199,509	

\# It represents the vacant shops acquired by the Group during the Period Under Review.

(b) Investment properties

As at 30 June 2020, the investment properties of the Group mainly included Wonder City*（虹悦城）, certain units of Yuhua Salon*（雨花客廳）, Liuhe Happy Plaza Project *（六合歡樂廣場項目）, Nantong Youshan Meidi Garden Project*（南通優山美地花園項目）, Huitong Building Project*（匯通大廈項目）, Zhenjiang Youshan Meidi Garden Project*（鎮江優山美地花園項目）, and Weihai Project*（威海項目）.

	Address	**Existing use**	**Term of contract**	**GFA** *(sq.m.)*	**Interest attributable to the Group**
Nanjing					
Wonder City（虹悦城）	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	78,886	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	2,755	100%
Liuhe Happy Plaza Project（六合歡樂廣場項目）(two floors)	No. 52-71 Longjinlu, Liuhe District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	18,529	100%
Liuhe Happy Plaza Project（六合歡樂廣場項目）(certain units)	No. 52-71 Longjinlu, Liuhe District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	1,628	100%
Nantong					
Nantong Youshan Meidi Garden Project（南通優山美地花園項目）	No. 1888, Xinghu Avenue, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building Project（匯通大廈項目）	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%

	Address	Existing use	Term of contract	GFA (sq.m.)	Interest attributable to the Group
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%
				260,297	

(c) Green building services and entrusted construction services

During the Period Under Review, the Group engaged in provision of technical design and consulting services, green management services and entrusted construction services in the PRC. During the Period Under Review, the revenue from both green building services and entrusted construction services was approximately RMB9,740,000 (six months ended 30 June 2019: RMB12,148,000).

(2) Tourism business

During the Period Under Review, 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. 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 in parallel established online and offline sales channels to distribute tourism products of Songtsam Culture Tourism*（松贊文旅）. 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）and China International Travel (Jiangsu)*（江蘇國旅）, etc., to develop health goods and distinctive healthcare tourism routes, which integrate health services, health goods and cultural tourism to bring users a different healthcare tourism experience.

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 is located in Port Douglas of Queensland in Australia, a globally renowned tourist attraction. The Sheraton project comprises the Sheraton Mirage Resort and the Golf Club project and has in total 295 guest rooms, 4 restaurants and bars and an 18-hole golf course, with a total land lot site area of approximately 1,108,297 sq.m., and a total GFA of approximately 62,328 sq.m.. During the Period Under Review, there was a sharp decrease in the number of overseas customers as Australia has imposed entry bans for travelers to Australia from the beginning of February 2020 due to the outbreak of novel coronavirus pandemic (the "**COVID-19 pandemic**"), and the local travel restrictions in Queensland led to a further decrease in the revenue from hotel operation. As of 30 June 2020, all tourists from outside Australia are still subject to a mandatory quarantine for 14 days.

Nanjing Five Seasons Hotel is located in the Software Valley, Nanjing City, 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.. It is expected that the hotel will be in full operation in September 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 detailed planning and design proposal for construction has been in general approved by Wenchang Urban Planning Commission（文昌市規劃委員會）, and the planning permit is expected to be obtained in the mid-September of 2020.

During the Period Under Review, the revenue from tourism business was approximately RMB29,520,000 (six months ended 30 June 2019: RMB169,044,000).

(3) Investment and financial services business

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

(a) Listed equity investments held for trading

The portfolio of listed equity investments of the Group held for trading as at 30 June 2020 and 31 December 2019 is set out as below:

As at 30 June 2020

Stock code	Name	Number of shares held *(Note 2)*	Effective shareholding interest	Acquisition cost *RMB'000*	Carrying amount *RMB'000*	Unrealised holding gain/ (loss) arising on revaluation for the period *RMB'000*	Realised gain/ (loss) arising from the disposal for the period *RMB'000*	Dividend received/ receivable for the period *RMB'000*
153.HK *(Note 1)*	China Saite Group Company Limited	190,120,000	6.29%	88,646	18,018	(9,233)	–	–
1908.HK *(Note 1)*	C&D International Investment Group Limited	–	0%	–	–	–	31,234	–
2098.HK *(Note 1)*	Zall Smart Commerce Group Ltd ("**Zall Group**")	984,453,000	8.35%	960,654	637,578	(40,204)	457	–
8307.HK *(Note 1)*	Medicskin Holdings Limited	–	0%	–	–	–	(2,959)	–
1708.HK *(Note 1)*	Nanjing Sample Technology Company Limited	645,500	0.08%	939	1,201	267	102	–
					656,797	(49,170)	28,834	–

Notes:

1. All of the above companies are companies listed 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 2019

Stock code	Name	Number of shares held *(Note 2)*	Effective shareholding interest	Acquisition cost *RMB'000*	Carrying amount *RMB'000*	Unrealised holding gain/ (loss) arising on revaluation for the year *RMB'000*	Realised gain/ (loss) arising from disposal for the year *RMB'000*	Dividend received/ receivable for the year *RMB'000*
153.HK *(Note 1)*	China Saite Group Company Limited	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 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

Notes:

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

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

As at 30 June 2020, the Group did not hold any significant investment with a value greater than 5% of the Group's total assets. The performance and prospect of the Group's major listed securities investment during the Period Under Review are as follows:

Zall Group

The principal activities of Zall Group include developing and operating large-scale product-focused wholesale shopping malls which focus on sales of consumer goods and the related value-added businesses, such as warehousing, logistics, e-commerce and financial services in the PRC. The Group held approximately 984,453,000 (31 December 2019: 949,224,000) shares in Zall Group, representing approximately 8.35% of its entire issued capital as at 30 June 2020 (31 December 2019: 8.06%). The carrying amount of Zall Group accounted for approximately 1% of the Group's total assets as at 30 June 2020 (31 December 2019: 1%). 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.

In order to adjust the investment portfolio and focus on pursuing development opportunities in the future, on 5 June 2020, the Group entered into a placing agreement with a placing agent to dispose up to 422,000,000 shares of Zall Group (the "**Zall Group Shares**"), which represent approximately 3.58% of the then total issued share capital of Zall Group (the "**Placing**"). The Placing was made in multiple tranches and the final completion took place on 31 July 2020. An aggregate of 422,000,000 Zall Group Shares were successfully placed at the placing price of HK$0.78 per Zall Group Share. Following the completion and as at the date of this announcement, the Group holds 587,453,000 Zall Group Shares, representing approximately 4.99% of the total issued share capital of Zall Group. Further details of the Placing were set out in the announcements of the Company dated 5 June 2020 and 31 July 2020 respectively.

According to the 2019 annual report of Zall Group, Zall Group will continue to adhere to the main track of B2B and supply chain services with innovation, in order to build an intelligent trading system with high efficiency and low cost in a win-win situation and connecting global business intelligently. The Group will closely monitor the performance of its investment and adjust its investment plan and portfolio when necessary.

(b) Other investments

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

(c) Investment and financial related consulting services

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

During the Period Under Review, this segment recorded a loss of approximately RMB386,496,000 (six months ended 30 June 2019: RMB2,784,742,000). The significant change is mainly derived from the fair value changes in financial instruments which are relatively volatile in nature. The gain before tax from the fair value changes in financial instruments for the Period Under Review was approximately RMB11,132,000 (six months ended 30 June 2019: loss of RMB2,542,845,000). The loss from fair value change after tax of the financial instruments at fair value through other comprehensive income was approximately RMB47,301,000 (six months ended 30 June 2019: RMB16,781,000). As at 30 June 2020, 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 RMB2,390,106,000 and RMB6,427,103,000 (31 December 2019: RMB2,128,787,000 and RMB6,323,866,000) respectively.

(4) Healthcare and education business and others

During the Period Under Review, the Group continued to identify appropriate investment opportunities to inject new impetus for the sustainable development of healthcare and education businesses. The revenue of healthcare and education segment was RMB151,283,000 (six months ended 30 June 2019: RMB162,020,000).

(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 Period under Review, the segment has contributed revenue of approximately RMB5,468,796,000 (six months ended 30 June 2019: RMB4,194,897,000) to the Group.

(a) Wind gear transmission equipment

The Group is a leading supplier of wind gear transmission equipment in China. 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 Gamesa 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, Germany, Singapore, Canada and India to support the sustainable development strategy of the Group and 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 technology as its competitive advantage, the Group has upgraded the technology of the heavy products with the focus on energy-saving and environmentally-friendly products. Meanwhile, the Group has developed standardized, modular and intelligent products which are internationally competitive. Through the characteristics of "complete range, clear layers and precise subdivision" as our products positioning and market positioning, the Group would be able to change its sales strategies and to explore new markets and industries. In particular, the Group aims to focus on the research and development of the standard gearbox and planetary gearbox segment and to explore new markets of the same segment. 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 to 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.

(c) Rail transportation gear transmission equipment

In respect of gear 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 to 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 expand the gear transmission equipment business to high-speed rails, metro lines, urban train and tram segments, and accelerate the research and development of rail transportation gear equipment products and strive for stronger development in the field of rail transportation gear transmission equipment.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately RMB979,615,000, or 20%, from approximately RMB4,803,869,000 for the Corresponding Period of 2019 to approximately RMB5,783,484,000 for the Period Under Review. The revenue and the changes for the Period Under Review and Corresponding Period of 2019 derived from different segments are listed as below:

Segment	**Period Under Review**	**Corresponding Period of 2019**	**Changes**	
	RMB'000	*RMB'000*	*RMB'000*	*percentage*
Properties	124,364	253,662	(129,298)	(51)%
Tourism	29,520	169,044	(139,524)	(83)%
Investment and financial services	9,521	24,246	(14,725)	(61)%
Healthcare and education and others	151,283	162,020	(10,737)	(7)%
New energy	5,468,796	4,194,897	1,273,899	30%
Total Revenue	5,783,484	4,803,869	979,615	20%

The increment of the revenue of the Group mainly derived from the new energy segment which contributed the largest increment to the revenue of the Group amounting to approximately RMB1,273,899,000. 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 RMB129,298,000 which was mainly because fewer property units were delivered and less construction services contracts were secured in the Period Under Review.

Though the revenue derived from education segment decreased slightly by approximately RMB10,737,000, its growth was significantly affected by the outbreak of COVID-19 pandemic. The average revenue for each early learning centre decreased due to the short-term policy implemented by Australian government which set a cap on the fee charged by the early learning centre. In addition, the health concern and increasing unemployment rate also brought an adverse impact on the demand for early learning centre services.

The revenue from tourism segment also decreased by approximately RMB139,524,000 which was attributed to the slump in the demands of travelers under the travel restrictions imposed by different countries due to the outbreak of COVID-19 pandemic during the Period Under Review.

Cost of sales

The cost of sales of the Group increased by approximately RMB707,017,000, or 18%, from approximately RMB3,873,131,000 for the Corresponding Period of 2019 to approximately RMB4,580,148,000 for the Period Under Review. The cost and changes for the Period Under Review and Corresponding Period of 2019 derived from different segments are listed as below:

Segment	Period Under Review	Corresponding Period of 2019	Changes	
	RMB'000	*RMB'000*	*RMB'000*	*percentage*
Properties	94,115	105,882	(11,767)	(11)%
Tourism	48,466	171,596	(123,130)	(72)%
Investment and financial services	3,332	4,985	(1,653)	(33)%
Healthcare and education and others	122,793	132,028	(9,235)	(7)%
New energy	4,311,442	3,458,640	852,802	25%
Total cost	4,580,148	3,873,131	707,017	18%

Gross profit and gross profit margin

The gross profit of the Group increased by approximately RMB272,598,000, or 29%, from approximately RMB930,738,000 in the Corresponding Period of 2019 to approximately RMB1,203,336,000 for the Period Under Review. The gross profit margin increased from 19% in the Corresponding Period of 2019 to 21% for the Period Under Review. The gross profit of the Group was mainly derived from new energy segment. The gross profit and gross profit margin for the Period Under Review derived from the new energy segment was approximately RMB1,157,354,000 and 21%. The gross profit and gross profit margin in the Corresponding Period of 2019 derived from the new energy segment was RMB736,257,000 and 18% respectively. The increase in the gross profit and gross profit ratio 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 decreased slightly by approximately RMB6,089,000, or 3%, from approximately RMB205,132,000 in the Corresponding Period of 2019 to approximately RMB199,043,000 for the Period Under Review. The selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses and staff costs.

Administrative expenses

Administrative expenses of the Group decreased by approximately RMB92,760,000, or 17%, from approximately RMB542,074,000 in the Corresponding Period of 2019 to approximately RMB449,314,000 for the Period Under Review. The administrative expenses for the Period Under Review mainly included salaries and staff welfare, depreciation and amortization of tangible and intangible assets. The decrease in administrative expenses for the Period Under Review was mainly due to the Group's efforts in implementation of stricter cost control policy.

Research and development costs

Research and development costs of the Group increased by approximately RMB68,503,000, or 42%, from approximately RMB163,877,000 in the Corresponding Period of 2019 to approximately RMB232,380,000 for the Period Under Review. The increase in research and development costs was mainly due to the increase in efforts put on research and development of new products in new energy segment.

Net impairment losses on the financial assets

The net impairment loss on the financial assets of the Group during the Period Under Review increased by approximately RMB117,032,000 or 30%, from approximately RMB395,633,000 in the Corresponding Period of 2019 to approximately RMB512,665,000 for the Period Under Review. The increase in credit impairment loss was mainly due to the increment in the expected loss rate of loan and other receivables in view of delayed repayments and worsening financial status of certain borrowers or debtors.

Other income

Other income of the Group decreased by approximately RMB228,652,000, or 58%, from approximately RMB394,839,000 in the Corresponding Period of 2019 to approximately RMB166,187,000 for the Period Under Review. Other income for the Period Under Review mainly included bank and other interest income of approximately RMB68,354,000. Other income in the Corresponding Period of 2019 mainly included other interest income of approximately RMB171,274,000 and dividend income of approximately RMB60,265,000.

Net fair value change in financial instruments

The Group maintains its investment segment through possessing and investing in various investment and financial products for potential or strategic use purposes. The Group recorded a gain on change in fair value of financial instruments of approximately RMB11,132,000 for the Period Under Review as compared to the loss on change in fair value of approximately RMB2,542,845,000 in the Corresponding Period of 2019. The fair value change mainly derived from listed equity investments. The Group recorded a significant fair value loss in the Corresponding Period of 2019 which was mainly due to the price decrease of 949,224,000 shares of Zall Group held by the Group. During the Period Under Review, the share price is relatively stable. The Group will closely monitor its investment performance and will adjust its investment plan and portfolio when necessary.

Other losses/gain – net

During the Period Under Review, other losses included an impairment loss of property, plant and equipment and goodwill amounting to RMB132,800,000 and RMB146,350,000 respectively. The impairment mainly related to hotel and land used for development of resort and the goodwill from education segment, both located in Australia. Due to the outbreak of COVID-19 pandemic, the tourism industry has been massively affected by the spread of coronavirus, as many countries have introduced travel restrictions in an attempt to contain its spread. Also, the job crisis arose from the suspension of economic activities started to put a challenge on the early learning industry, though there were subsidies from the government. In view of the negative impact brought by the coronavirus, the management reassessed the recoverable amounts of the relevant assets, which was lower than their carrying values. Accordingly, impairment losses were recognized.

Finance costs

Finance costs of the Group decreased by approximately RMB108,949,000, or 24%, from approximately RMB453,312,000 in the Corresponding Period of 2019 to approximately RMB344,363,000 for the Period Under Review, which was mainly due to the lower average borrowing amount of the Group for the Period Under Review than in the Corresponding Period of 2019.

Share of result of joint ventures

The Group's share of loss from its joint ventures decreased from approximately RMB231,341,000 in the Corresponding Period of 2019 to approximately RMB5,133,000 for the Period Under Review. It is mainly because of the impairment loss recognised for the investee of Fullshare Value Fund I L.P in the Corresponding Period of 2019 and no such item was noted during the Period Under Review.

Income tax expense/credit

For the Period Under Review, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB73,450,000 and RMB118,318,000 respectively, and in the Corresponding Period of 2019, the current tax expense and the deferred tax credit amounted to approximately RMB77,713,000 and RMB653,901,000, respectively.

The deferred tax credit for the Period Under Review was mainly derived from the net impairment losses on financial assets and tax losses recognised. The deferred tax credit in the Corresponding Period of 2019 was mainly derived from the fair value loss in financial instruments and net impairment losses on financial assets.

Loss for the Period Under Review

For the Period Under Review, the Group recorded a loss after tax of approximately RMB587,185,000. In the Corresponding Period of 2019, the Group recorded a loss after tax of approximately RMB2,631,391,000. Compared with the Corresponding Period of 2019, the decrease in loss was mainly due to the decrease in net fair value loss after tax in financial instruments of approximately RMB2,553,977,000, finance cost and share of loss from joint ventures.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

Cash position

As at 30 June 2020, the Group had cash and cash equivalents (excluding the restricted cash) of approximately RMB3,662,335,000 (31 December 2019: RMB2,797,003,000), representing an increase by approximately RMB865,332,000 or 31% as compared to 31 December 2019. 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

The debt profile of the Group as at 30 June 2020 and 31 December 2019 are as follows:

	As at 30 June 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
Bank and other borrowings repayable:		
Within one year or on demand	**5,773,830**	5,199,030
Between one and two years	**1,192,782**	1,698,471
Between two to five years	**697,355**	451,100
Over five years	**280,771**	381,816
	7,944,738	7,730,417

	As at 30 June 2020 RMB'000	As at 31 December 2019 RMB'000
Corporate bonds repayable:		
Within one year or on demand	**1,522,493**	1,923,316
Between one and two years	**–**	498,437
	1,522,493	2,421,753
Total debts	**9,467,231**	10,152,170

As at 30 June 2020, the borrowings balance of the Group decreased by approximately RMB684,939,000 or 7%, as compared with 31 December 2019.

Leverage

The gearing ratio of the Group as at 30 June 2020, calculated as a ratio of the sum of bank and other borrowings and corporate bonds to total assets, was approximately 22% (31 December 2019: 23%). The net equity of the Group as at 30 June 2020 was approximately RMB20,055,888,000 (31 December 2019: RMB20,867,821,000).

As at 30 June 2020, the Group recorded total current assets of approximately RMB22,296,977,000 (31 December 2019: RMB21,803,811,000) and total current liabilities of approximately RMB19,573,790,000 (31 December 2019: RMB18,010,483,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.1 as at 30 June 2020 (31 December 2019: 1.2).

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

As at 30 June 2020, bank and other borrowings of approximately RMB5,916,150,000, RMB1,111,646,000, RMB627,832,000 and RMB289,110,000 were denominated in RMB, US dollars, Hong Kong dollars and Australia dollars respectively (31 December 2019: RMB7,427,014,000, RMB6,976,000, RMB nil and RMB296,427,000). As at 30 June 2020, corporate bonds of approximately RMB1,513,135,000 and RMB9,358,000 were denominated in RMB and Hong Kong dollars respectively (31 December 2019: RMB2,412,713,000 and RMB9,040,000). 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 RMB6,978,097,000 (31 December 2019: RMB9,877,218,000) were at fixed interest rates, the remaining balances were either at variable rates or non-interest bearing. Cash and cash equivalents held by the Group were mainly denominated in RMB, Hong Kong and Australia dollars. The Group currently does not have foreign exchange and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

PLEDGE OF ASSETS

Details of the Group's pledged assets as at 30 June 2020 are set out in note 24 to the interim condensed consolidated financial information in this announcement.

OPERATING SEGMENT INFORMATION

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

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 30 June 2020 are set out in note 23 to the interim condensed consolidated financial information in this announcement.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2020 are set out in note 22 to the interim condensed consolidated financial information in this announcement.

SUBSEQUENT EVENTS

As at 30 June 2020, details of the subsequent events of the Group are set out in note 25 to the interim condensed consolidated financial information in this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

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

(i) 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 interest 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. Following completion of the acquisition, the financial results of the Target Company have been consolidated into the financial results of the Group. Details of the acquisition were set out in the announcements of the Company dated 31 December 2019 and 17 January 2020 respectively.

(ii) On 15 January 2020, Fullshare Dazu entered into a limited partnership agreement (the “**Partnership Agreement**”) with Sumin Kaiyuan Wuxi Investment Co., Ltd.*（蘇民開源無錫投資有限公司）(“**Sumin Kaiyuan**”) and Sumin Capital Co., Ltd.*（蘇民資本有限公司）(“**Sumin Capital**”) to establish Wuxi Sumin Fullshare Entrepreneur Investment Partnership Enterprises (Limited Partnership)*（無錫蘇民豐盛創業投資合夥企業（有限合夥）(the “**Partnership**”), pursuant to which, the total amount of capital commitments of the Partnership is RMB600,000,000, of which Sumin Kaiyuan (as general partner) has contributed RMB1,000,000 while Fullshare Dazu and Sumin Capital (as limited partners) have contributed RMB300,000,000 and RMB299,000,000 respectively. Sumin Kaiyuan and Sumin Capital are direct wholly-owned subsidiaries of Jiangsuminying Investment Holding Limited*（江蘇民營投資控股有限公司）, a company in which Fullshare Dazu has approximately 10% interests as at the date of the Partnership Agreement. The purpose of the Partnership is to invest in projects relating to property development and investment business. The Partnership has been established on 21 January 2020 and Fullshare Dazu owns 50% interests in the Partnership as at the date of this announcement. Details of the Partnership were set out in the announcements of the Company dated 15 January 2020 and 3 February 2020 respectively.

(iii) On 16 January 2020, Fullshare Dazu (as purchaser) entered into a sale and purchase agreement with (a) 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）(as vendors), (b) World Tarde Plaza (Shenyang) Real Estate Co., Ltd.*（世貿廣場（瀋陽）置業有限公司）(as target company) (“**World Trade Plaza**”), and (c) Mr. Qi Hongbo（漆洪波）(as guarantor), pursuant to which Fullshare Dazu conditionally agreed to acquire and the vendors conditionally agreed to sell 100% equity interest of World Trade Plaza for a consideration of RMB700,000,000. The proposed acquisition was subsequently terminated on 27 April 2020. Details of the proposed acquisition and its termination were set out in the announcements of the Company dated 16 January 2020 and 27 April 2020 respectively.

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

PROSPECT

In the second half of 2020, the Group will continue to focus on the development of the healthcare tourism and real estate segments. Pursuing the idea of the industrial platform, the Group will, through self-operation, investment in equities and cooperation, carry out resource operation and consolidation in terms of resources, platforms, branding and media marketing as well as financing and payment, in order to gradually form a healthcare tourism platform and a business ecosystem with a complete industrial hierarchy, full business synergy and sound transaction logic. Due to the impacts of the outbreak of the COVID-19 pandemic, it is estimated that the operations of the Company, especially the hotel, commerce and tourism segments, may further suffer adverse effects in the second half of year 2020. The Company will keep a close watch on the relevant developments, in an effort to mitigate the impacts as much as possible.

The Group will constantly strive to maintain healthy financial management policies, further enhance the effectiveness of capital utilisation, strengthen internal corporate governance, control operational risks and enhance its risk resistance capability.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EMPLOYEES

As at 30 June 2020, the Group had 7,944 employees (31 December 2019: 7,926 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB841,779,000 for the Period Under Review (for the six months ended 30 June 2019: approximately RMB836,233,000). 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.

CORPORATE GOVERNANCE CODE

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

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

AUDIT COMMITTEE REVIEW

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal financial control system of the Group, and to review the Group's interim and annual reports and financial statements. The unaudited interim condensed consolidated financial statements for the Period Under Review have been reviewed by the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

By Order of the Board
Fullshare Holdings Limited
JI CHANGQUN
Chairman

Hong Kong, 31 August 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 purposes only*