

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023

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 2023 (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 2023

(Expressed in Renminbi)

	Note	For the six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Continuing operations			
Revenue	5	11,551,515	9,980,131
Cost of sales and services provided	9	(9,697,332)	(8,526,813)
Gross profit		1,854,183	1,453,318
Selling and distribution expenses	9	(277,583)	(230,530)
Administrative expenses	9	(522,780)	(407,720)
Research and development costs	9	(459,359)	(365,701)
Net (provision for)/reversal of impairment losses on financial assets	3	(219,712)	914,741
Other income	7	204,380	209,139
Net fair value changes in financial instruments	6	19,258	(862,677)
Other gains – net	8	182,811	81,710

	Note	For the six months ended	
		30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Operating profit		781,198	792,280
Finance costs	10	(604,576)	(379,175)
Share of results of joint ventures		4,967	9,131
Share of results of associates		(1,583)	(858)
Profit before tax		180,006	421,378
Income tax expenses	11	(9,994)	(356,855)
Profit for the period from continuing operations		170,012	64,523
Profit for the period from discontinued operation		–	141,573
Profit for the period		170,012	206,096
Other comprehensive loss for the period:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Release of exchange reserve upon disposal of a subsidiary		–	(11,552)
– Exchange differences on translation of foreign operations		(89,304)	(36,097)
– Changes in fair value of debt instruments at fair value through other comprehensive income		(890)	11,636
– Income tax relating to these items		(336)	(1,400)
		(90,530)	(37,413)
<i>Items that will not be reclassified to profit or loss:</i>			
– Changes in fair value of equity instruments at fair value through other comprehensive income		(315,995)	(83,106)
– Income tax relating to these items		68,970	16,810
		(247,025)	(66,296)
Other comprehensive loss for the period, net of tax		(337,555)	(103,709)
Total comprehensive (loss)/income for the period		(167,543)	102,387

		For the six months ended	
		30 June	
		2023	2022
		(Unaudited)	(Unaudited)
<i>Note</i>		RMB'000	RMB'000
(Loss)/profit for the period attributable to:			
	– Equity shareholders of the Company	(172,544)	46,723
	– Non–controlling interests	<u>342,556</u>	<u>159,373</u>
		<u>170,012</u>	<u>206,096</u>
(Loss)/profit for the period attributable to equity shareholders of the Company arises from:			
	– Continuing operations	(172,544)	(94,776)
	– Discontinued operation	<u>–</u>	<u>141,499</u>
		<u>(172,544)</u>	<u>46,723</u>
Total comprehensive (loss)/income for the period attributable to:			
	– Equity shareholders of the Company	(436,562)	(66,270)
	– Non–controlling interests	<u>269,019</u>	<u>168,657</u>
		<u>(167,543)</u>	<u>102,387</u>
Total comprehensive (loss)/income for the period attributable to equity shareholders of the Company arises from:			
	– Continuing operations	(436,562)	(209,819)
	– Discontinued operation	<u>–</u>	<u>143,549</u>
		<u>(436,562)</u>	<u>(66,270)</u>
Loss per share for loss from continuing operations attributable to the equity shareholders of the Company			
	Basic and diluted loss per share	<u>RMB(0.007)</u>	<u>RMB(0.005)</u>
(Loss)/earnings per share for (loss)/profit attributable to the equity shareholders of the Company			
	Basic and diluted (loss)/earnings per share	<u>RMB(0.007)</u>	<u>RMB0.002</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

(Expressed in Renminbi)

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Note		
Non-current assets		
Property, plant and equipment	9,909,397	8,804,277
Investment properties	5,029,011	5,047,272
Right-of-use assets	1,109,306	1,069,278
Goodwill	1,503,817	1,503,817
Other intangible assets	254,251	289,106
Investments in joint ventures	302,149	290,756
Investments in associates	355,006	379,330
Financial assets at fair value through other comprehensive income	1,814,046	2,096,621
Financial assets at fair value through profit or loss	436,035	422,676
Consideration receivables	154,170	150,507
Loan receivables	131,617	145,058
Prepayments	5,890	5,890
Deferred tax assets	1,221,249	1,065,817
	<u>22,225,944</u>	<u>21,270,405</u>
Current assets		
Inventories	8,508,030	6,932,870
Trade receivables	7,197,444	7,128,370
Consideration receivables	133,411	199,989
Loan receivables	791,221	725,606
Prepayments	1,892,113	1,942,858
Other receivables	2,437,886	1,546,434
Other financial assets at amortised cost	–	1,110,905
Income tax prepaid	22,522	29,776
Financial assets at fair value through other comprehensive income	2,712,276	3,536,240
Financial assets at fair value through profit or loss	797,170	698,272
Properties under development	593,802	593,515
Properties held for sale	53,925	56,281
Restricted cash	4,636,389	4,924,505
Cash and cash equivalents	4,504,742	4,533,808
	<u>34,280,931</u>	<u>33,959,429</u>

		30 June	31 December
		2023	2022
		(Unaudited)	(Audited)
	<i>Note</i>	RMB'000	RMB'000
Current liabilities			
Trade and bills payables	15	10,129,280	10,387,604
Other payables and accruals	16	3,108,621	3,263,257
Contract liabilities		1,517,494	1,555,577
Derivative financial instruments		17,653	32,376
Lease liabilities		7,222	7,365
Bank and other borrowings	17	8,499,035	8,608,849
Income tax payable		676,846	805,127
Warranty provision		1,159,446	988,395
Deferred income		42,403	18,787
Written put option liability		4,643,175	4,514,175
		<u>29,801,175</u>	<u>30,181,512</u>
Net current assets		<u>4,479,756</u>	<u>3,777,917</u>
Total assets less current liabilities		<u>26,705,700</u>	<u>25,048,322</u>
Non-current liabilities			
Bank and other borrowings	17	5,984,160	4,311,213
Deferred income		459,995	303,077
Lease liabilities		12,422	14,890
Warranty provision		1,079,012	1,114,729
Deferred tax liabilities		1,208,103	1,184,165
		<u>8,743,692</u>	<u>6,928,074</u>
Net assets		<u>17,962,008</u>	<u>18,120,248</u>
Capital and reserves			
Share capital		219,904	219,904
Reserves		11,366,200	11,819,139
Equity attributable to equity shareholders of the Company		11,586,104	12,039,043
Non-controlling interests		6,375,904	6,081,205
Total equity		<u>17,962,008</u>	<u>18,120,248</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Expressed in Renminbi)

1 GENERAL INFORMATION

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

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

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

During the six months ended 30 June 2022, the Group disposed of a subsidiary which represented a separate major line of the Group’s education business in Australia and constituted a discontinued operation under HKFRS 5 Non-current Assets Held for Sales and Discontinued Operations. Accordingly, the results of the discontinued operation were presented separately in the interim condensed consolidated statement of profit or loss and other comprehensive income.

The interim condensed consolidated financial information was approved for issue by the board of directors of the Company on 31 August 2023.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 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 2022 annual consolidated financial statements, except for the adoption of new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), as set out in Note 2.1.

2 BASIS OF PREPARATION (CONTINUED)

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

The interim condensed consolidated financial information contains interim condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group's 2022 annual consolidated financial statements. These interim condensed consolidated financial information and notes thereon do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with HKFRSs, and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2022.

The interim condensed consolidated financial information has been prepared on a going concern basis, although the Group failed to fulfill certain financial obligations as set out in an earnest money agreement in respect of previous plan on disposal of equity interests of subsidiaries (Note 16(b)), a number of loan agreements in respect of certain overdue borrowings (Note 17), and a financial guarantee contract provided to an independent third party which caused certain of the Group's investment properties to be frozen by the court order of the People's Republic of China (the "PRC") (Note 18(i)). The management of the Company has closely monitored the liquidity risk and considered the risk is under control after taking into consideration the adequate collaterals to secure the relevant loan and financial position of the Group.

This interim condensed consolidated financial information is unaudited, but have 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 and amendments adopted by the Group

In the current period, the Group has applied the following new and amendments to HKFRSs (the "Amendments") issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the Group's interim condensed consolidated financial information:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the 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 this interim condensed consolidated financial information.

A number of amendments to HKFRSs are published that are not mandatory to be adopted for annual period beginning on 1 January 2023 and early application is permitted. The Group has not early adopted any of the forthcoming new or amended HKFRSs in preparing this interim condensed consolidated financial information.

3 FINANCIAL RISK MANAGEMENT

Credit risk

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

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

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

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

A financial asset is considered as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence may include but is not limited to significant financial difficulty of the issuer or the borrower, a breach of contract, such as a default or past due over 90 days, or it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation and so on. The management would assess and examine the balance individually.

For the six months ended 30 June 2023 and 2022, the summary of the net (provision for)/reversal of impairment losses on financial assets recognised in profit or loss was as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB’000	RMB’000
(Provision for)/reversal of impairment losses on:		
– Trade receivables	(33,445)	(40,724)
– Loan receivables	(61,100)	964,868
– Consideration receivables	(66,578)	–
– Other receivables	(58,826)	(6,823)
– Other financial assets at amortised cost	237	(2,580)
	(219,712)	914,741

4 OPERATING SEGMENT INFORMATION

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

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

The Group disposed of a subsidiary which represented a separate major line of education business in Australia during the six months ended 30 June 2022 and was classified as discontinued operation. Although the Group still holds a shareholding of the entity which has significant influence and will closely monitor and assess the performance of the business as part of healthcare, education and others segment, the segment information reported does not include any amounts for the discontinued operation separately presented.

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

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

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

Segment liabilities exclude income tax and other tax payable, bank and other borrowings, deferred tax liabilities, written put option liability, deposit received for disposal of a subsidiary, accrual for the penalty on past late payment on a borrowing, certain lease liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4 OPERATING SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2023 (Unaudited)					
	Properties	Tourism	Investment and financial services	Healthcare, education and others	New energy	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:						
Sales to external customers	126,650	160,994	1,567	4,709	11,257,595	11,551,515
Fair value changes in financial instruments	—	—	22,682	—	(3,424)	19,258
Segment results	55,255	(14,222)	(21,491)	(1,596)	704,989	722,935
Reconciliation:						
Unallocated bank interest income (Note 7)						56,298
Unallocated interest income on deferred consideration (Note 7)						4,457
Unallocated income and losses						125,832
Corporate and other unallocated expenses						(124,940)
Finance costs (Note 10)						(604,576)
Profit before tax from continuing operations						180,006
Segment assets at 30 June 2023 (Unaudited)	6,660,874	1,469,888	3,125,521	256,412	34,203,824	45,716,519
Reconciliation:						
Corporate and other unallocated assets						10,790,356
Total assets at 30 June 2023 (Unaudited)						56,506,875
Segment liabilities at 30 June 2023 (Unaudited)	1,388,533	90,770	200,997	2,219	14,955,577	16,638,096
Reconciliation:						
Corporate and other unallocated liabilities						21,906,771
Total liabilities at 30 June 2023 (Unaudited)						38,544,867

4 OPERATING SEGMENT INFORMATION (CONTINUED)

	For the six months ended 30 June 2022 (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	129,865	155,331	5,783	3,566	9,685,586	9,980,131
Fair value changes in financial instruments	–	(867,691)	4,054	–	960	(862,677)
Segment results	19,978	(866,370)	973,557	1,772	503,711	632,648
Reconciliation:						
Unallocated bank interest income (Note 7)						52,672
Unallocated extension interest income (Note 7)						21,373
Unallocated interest income on deferred consideration (Note 7)						2,646
Unallocated income and losses						119,741
Corporate and other unallocated expenses						(28,527)
Finance costs (Note 10)						(379,175)
Profit before tax from continuing operations						<u>421,378</u>
Segment assets at 31 December 2022 (Audited)	6,971,381	1,525,309	3,339,118	254,871	32,168,032	44,258,711
Reconciliation:						
Corporate and other unallocated assets						<u>10,971,123</u>
Total assets at 31 December 2022 (Audited)						<u><u>55,229,834</u></u>
Segment liabilities at 31 December 2022 (Audited)	1,356,548	88,622	170,512	2,165	15,308,104	16,925,951
Reconciliation:						
Corporate and other unallocated liabilities						<u>20,183,635</u>
Total liabilities at 31 December 2022 (Audited)						<u><u>37,109,586</u></u>

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Revenue from external customers by locations of customers

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
The PRC	10,296,043	8,694,245
United States of America	768,303	793,333
Europe	55,568	67,201
Australia	114,956	137,737
Other countries	316,645	287,615
	<u>11,551,515</u>	<u>9,980,131</u>

5 REVENUE

An analysis of revenue from continuing operations is as follows:

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Revenue from contracts with customers		
Properties segment:		
– Property development and sales	154	1,461
– Construction services	444	1,132
	<u>598</u>	<u>2,593</u>
Tourism segment:		
– Hotel operations	152,827	152,539
– Sales of tourist goods and services	8,167	2,792
	<u>160,994</u>	<u>155,331</u>
New energy segment:		
– Sales of gear products	8,250,777	6,641,397
– Trading of goods	3,006,818	3,044,189
	<u>11,257,595</u>	<u>9,685,586</u>
Investment and financial services segment:		
– Investment and financial consulting services	1,567	5,783
Healthcare, education and others segment:		
– Education services	4,635	3,566
– Healthcare products and other services	74	–
	<u>4,709</u>	<u>3,566</u>
	<u>11,425,463</u>	<u>9,852,859</u>
Revenue from other sources		
Properties segment:		
– Gross rental income	126,052	127,272
	<u>11,551,515</u>	<u>9,980,131</u>

5 REVENUE (CONTINUED)

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Timing of revenue recognition:		
– Recognised at a point in time	11,265,990	9,689,839
– Recognised over time	159,473	163,020
	<u>11,425,463</u>	<u>9,852,859</u>

6 NET FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
From continuing operations:		
Fair value gains/(losses) in financial assets at FVPL	2,858	(927)
Fair value gains/(losses) in derivative financial instruments (<i>Note</i>)	16,400	(861,750)
	<u>19,258</u>	<u>(862,677)</u>

Note:

The fair value changes from derivative financial instruments for the six months ended 30 June 2022 was mainly derived from the fair value change of a revised forward sale and purchase agreement to acquire certain equity interest of Shanghai Joyu Culture Communication Company Limited.

7 OTHER INCOME

	Note	For the six months ended 30 June	
		2023	2022
		(Unaudited) RMB'000	(Unaudited) RMB'000
From continuing operations:			
Bank interest income		56,298	52,672
Extension interest income	(i)	–	21,373
Interest income on deferred consideration		4,457	2,646
Other interest income	(ii)	17,574	21,413
Dividend income		14,240	32
Management fees income		18,164	21,276
Government grants	(iii)	39,802	46,316
Sales of scraps and materials		38,734	26,970
Others		15,111	16,441
		204,380	209,139

Notes:

- (i) The amount represented extension interest received from deferred payment of consideration for the Group's disposal of 43% equity interest in Nanjing High Speed Gear Manufacturing Co., Ltd. (南京高速齒輪製造有限公司) (“**Nanjing High Speed**”) during the six months ended 30 June 2022. The consideration was received in full during the year ended 31 December 2022.
- (ii) Other interest income is principally derived from loan receivables and other financial assets at amortised cost.
- (iii) Government grants represented mainly grants from the PRC's local authority to support local companies. There are no unfulfilled conditions or contingencies attaching to these grants.

8 OTHER GAINS – NET

	For the six months ended 30 June	
	2023	2022
	(Unaudited) RMB'000	(Unaudited) RMB'000
From continuing operations:		
Fair value gains/(losses) of investment properties	429	(111)
(Losses)/gains on disposal of property, plant and equipment	(462)	372
Loss on swap contracts	(18,305)	(6,018)
Reversal of/(provision for) impairment losses on property, plant and equipment	11,680	(49)
Foreign exchange gains – net	187,506	91,714
Others	1,963	(4,198)
	182,811	81,710

9 EXPENSES BY NATURE

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
From continuing operations:		
Staff costs		
– Salaries and other benefits	903,776	829,327
– Pension scheme contributions	74,180	36,744
Cost of inventories sold	8,846,440	7,590,920
Cost of properties sold	151	1,369
Depreciation of property, plant and equipment	294,224	242,572
Depreciation of right-of-use assets	16,677	17,042
Advertising expenses	11,941	8,484
Write-down of inventories	17,079	66,841
Amortisation of other intangible assets	34,855	34,910
Penalty on past late payment on a borrowing (<i>Note 17(b)</i>)	100,000	–
Others	657,731	702,555
	10,957,054	9,530,764
Represented by:		
– Cost of sales and services provided	9,697,332	8,526,813
– Selling and distribution expenses	277,583	230,530
– Administrative expenses	522,780	407,720
– Research and development costs	459,359	365,701
	10,957,054	9,530,764

10 FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
From continuing operations:		
Interest on bank and other borrowings	476,166	324,347
Less: Interest capitalised at rates ranging from 3.95% to 4.05% (six months ended 30 June 2022: 9%) per annum	<u>(1,075)</u>	<u>(29,931)</u>
	475,091	294,416
Interest on lease liabilities	485	644
Unwinding of discount on written put option liability	<u>129,000</u>	<u>84,115</u>
	<u>604,576</u>	<u>379,175</u>

11 INCOME TAX EXPENSES

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

	For the six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
From continuing operations:		
Current tax – charged for the period		
– The PRC	135,752	423,247
– Hong Kong	5,637	286
– Australia	298	–
– Others	5,434	17
Over provision in respect of prior years	(73,755)	(22,830)
Deferred tax	<u>(63,372)</u>	<u>(43,865)</u>
	<u>9,994</u>	<u>356,855</u>

11 INCOME TAX EXPENSES (CONTINUED)

(a) PRC corporate income tax (“CIT”)

PRC CIT has been provided at the rate of 25% (six months ended 30 June 2022: 25%) on the taxable profits of the Group’s PRC subsidiaries, except those listed was below, for the six months ended 30 June 2023. The decrease in PRC corporate income tax in the current period was mainly attributable to a one-off tax of RMB315,000,000 arising from the partial disposal of a subsidiary in March 2022.

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

Name of company	Year ended during which approval was obtained
Nanjing High Speed	31 December 2020 <i>(Note)</i>
Nanjing High Speed & Accurate Gear (Group) Co., Ltd. (“Nanjing High Accurate”)	31 December 2020 <i>(Note)</i>
Nanjing High Accurate Rail Transportation Equipment Co., Ltd. (“Rail Transportation”)	31 December 2020 <i>(Note)</i>
NGC (Baotou) Transmission Equipment Co., Ltd.	31 December 2021
Jiangsu Green Lighting Engineering Co., Ltd.	31 December 2021

Note:

The approval of preferential tax rate of Nanjing High Speed, Nanjing High Accurate and Rail Transportation were all issued on 2 December 2020. The preferential tax rate was applicable for 3 years when it was first approved by the taxation authority. As at the end of the reporting period, Nanjing High Speed, Nanjing High Accurate and Rail Transportation are in the processes of applying to renew the qualification of the high technology development enterprises to continuously enjoy the preferential tax rate, and expected that successful renewals could be obtained by the end of 2023.

(b) PRC land appreciation tax (“LAT”)

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

11 INCOME TAX EXPENSES (CONTINUED)

(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 2022: 8.25% to 30%) prevailing in the places in which these enterprises operated for the six months ended 30 June 2023.

12 DIVIDENDS

The board of directors has resolved not to declare any interim dividend for the six months ended 30 June 2023 and 2022.

13 (LOSS)/EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Loss from continuing operations attributable to equity shareholders of the Company	(172,544)	(94,776)
Profit from discontinued operation attributable to equity shareholders of the Company	—	141,499
(Loss)/profit attributable to equity shareholders of the Company	<u>(172,544)</u>	<u>46,723</u>
Weighted average number of ordinary shares in issue	<u>26,514,675,331</u>	<u>20,047,139,447</u>
Basic (loss)/earnings per share (RMB per share)		
– From continuing operations attributable to equity shareholders of the Company	RMB(0.007)	RMB(0.005)
– From discontinued operation attributable to equity shareholders of the Company	—	RMB0.007
	<u>RMB(0.007)</u>	<u>RMB0.002</u>

There were no potential dilutive ordinary shares outstanding due to outstanding share options for both the six months ended 30 June 2023 and 2022. For the six months ended 30 June 2023, the weighted average number of ordinary shares in issue was adjusted by 17,521,400 shares which are held for the Group's share award scheme, whilst for the six months ended 30 June 2022, in addition to the adjustment of 17,521,400 shares held for the Group's share award scheme, the weighted average number of ordinary shares in issue was also adjusted by 2,955,805,000 new shares allotted upon the completion of the share placement on 9 June 2022.

14 TRADE RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables		
– Amounts due from third parties	7,934,262	7,841,003
– Amounts due from joint ventures	2,502	1,953
<i>Less:</i> Loss allowance	<u>(739,320)</u>	<u>(714,586)</u>
	<u>7,197,444</u>	<u>7,128,370</u>

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 90 days	5,665,017	5,933,756
91 to 180 days	548,732	419,413
181 to 365 days	622,253	417,462
Over 365 days	<u>361,442</u>	<u>357,739</u>
	<u>7,197,444</u>	<u>7,128,370</u>

The Group generally allows a credit period of 90 days (31 December 2022: 90 days) to its trade customers and 180 days (31 December 2022: 180 days) for sales of gear products. Apart from that, the Group does not have a standardised and universal credit period granted to its customers for other sales, and the credit period of individual customers is considered on a case-by-case basis and stipulated in the relevant contracts, as appropriate.

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

As at 30 June 2023, trade receivables with carrying amount of RMB398,826,000 (31 December 2022: RMB398,826,000) were pledged as collateral for the Group's borrowings (Note 20).

15 TRADE AND BILLS PAYABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade payables		
– Amounts due to third parties	4,458,855	4,471,334
– Amount due to an associate	18	18
Bills payables	<u>5,670,407</u>	<u>5,916,252</u>
	<u>10,129,280</u>	<u>10,387,604</u>

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 90 days	6,620,659	6,149,987
91 to 180 days	2,846,749	2,036,127
181 to 365 days	322,684	1,843,449
Over 365 days	<u>339,188</u>	<u>358,041</u>
	<u>10,129,280</u>	<u>10,387,604</u>

Amount due to an associate included in trade and bills payables is repayable within 90 days (31 December 2022: 90 days), which represents credit terms similar to those offered by the associate to its major customers.

Trade payables are interest-free and are normally settled on terms of 90 to 180 days (31 December 2022: 90 to 180 days).

16 OTHER PAYABLES AND ACCRUALS

	30 June	31 December
	2023	2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Accruals	1,344,946	1,181,546
Amounts due to associates (<i>Note (a)</i>)	17,636	17,636
Refundable deposit received (<i>Note (b)</i>)	644,000	644,000
Other tax payables	193,349	213,329
Other payables	448,243	419,133
Payroll and welfare payables	134,808	261,695
Liability arising from financial guarantee contracts	3,045	3,417
Payables for purchase of property, plant and equipment	322,594	522,501
	3,108,621	3,263,257

Note:

- (a) Amounts due to associates are non-trade nature, unsecured, interest-free and repayable within 180 days (31 December 2022: 180 days).
- (b) It represented refundable deposit received from Neoglory Prosperity Inc. (新光圓成股份有限公司) for the possible sale and purchase of the shares of China High Speed Transmissions Equipment Group Co., Ltd (“CHS”) held by the Group in 2018. Details of the transaction, the legal action taken by Neoglory Prosperity Inc. to seek for the refund of the deposit and the settlement arrangement are set out in Note 37(a) of the Group’s 2022 annual consolidated financial statements. No repayment was made by the Group during the six months ended 30 June 2023. It is considered that the repayments of the outstanding balance could be fulfilled through internal funding or sale of certain non-major assets and will not have a significant impact to the Group’s operations.

17 BANK AND OTHER BORROWINGS

	30 June 2023		31 December 2022	
	Current	Non-current	Current	Non-current
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
	RMB'000	RMB'000	RMB'000	RMB'000
Secured				
– Bank loans	731,383	3,549,718	278,328	3,142,417
– Loans from other financial institutions	1,426,068	139,452	1,574,803	–
– Loans from other third parties	784,509	–	808,810	–
Total secured borrowings	<u>2,941,960</u>	<u>3,689,170</u>	<u>2,661,941</u>	<u>3,142,417</u>
Unsecured				
– Bank loans	3,885,243	1,999,605	4,316,749	849,756
– Loans from ultimate holding company	1,288,196	–	1,252,484	–
– Loan from a joint venture	194,953	–	185,354	–
– Loans from other financial institutions	–	267,800	–	275,000
– Loans from other third parties	188,683	27,585	192,321	44,040
Total unsecured borrowings	<u>5,557,075</u>	<u>2,294,990</u>	<u>5,946,908</u>	<u>1,168,796</u>
	<u>8,499,035</u>	<u>5,984,160</u>	<u>8,608,849</u>	<u>4,311,213</u>

Bank and other borrowings carry interest ranging from 0% to 12% (31 December 2022: 0% to 12%) per annum. As at 30 June 2023, loans from ultimate holding company of RMB1,288,196,000 (31 December 2022: RMB1,252,484,000) are interest-free and the loan from a joint venture of RMB194,953,000 (31 December 2022: RMB185,354,000) carried an effective interest rate at 8% (31 December 2022: 8%) per annum.

Bank and other borrowings are repayable as follows:

	30 June 2023	31 December 2022
	(Unaudited)	(Audited)
	RMB'000	RMB'000
Within one year or on demand	8,499,035	8,608,849
Between one and two years	2,768,102	1,338,702
Between two and five years	1,821,037	1,892,357
Over five years	1,395,021	1,080,154
	<u>14,483,195</u>	<u>12,920,062</u>

17 BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

- (a) Certain of the Group's bank and other borrowings are secured by:
- (i) All of the equity interests in Nanjing Fullshare Dazu Technology Company Limited (“**Fullshare Dazu**”) and NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd., and certain equity interests in Tianjin Heheng Investment Development Co., Ltd. (天津合恒投資發展有限公司), all of which are subsidiaries of the Group.
 - (ii) 1,520,000,000 ordinary shares of the Company held by the ultimate holding company.
 - (iii) The Group's assets as disclosed in Note 20.

In addition to these, certain of the Group's equity interests in CHS were pledged as at 31 December 2022. The corresponding loan was fully repaid during the six months ended 30 June 2023.

In addition, bank and other borrowings of RMB818,650,000 (31 December 2022: RMB900,093,000) were guaranteed by Mr. Ji. Changqun (“**Mr. Ji**”). Bank and other borrowings of RMB1,100,519,000 (31 December 2022: RMB1,132,103,000) were guaranteed by Mr. Ji and a close family member of Mr. Ji.

- (b) As at 31 December 2020, a loan from Huarong International Trust Co., Ltd. (the “**Lender**”) with principal amounting to RMB500,000,000 (“**Principal**”) was past due. Two investment properties of the Group are pledged as security (the “**Pledged Properties**”). The Pledged Properties were put up for auction by the Lender during the year ended 31 December 2021. However, such auction met with no response.

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

On 28 January 2022, the Group paid the first instalment payment and the auction had been withdrawn by the Lender. During the year ended 31 December 2022, the Group repaid only RMB137,444,000 over the Principal and defaulted in repayment of the outstanding balance, and the legal charges over the Pledged Properties remains.

During the six months ended 30 June 2023, the Lender reinitiated the legal action and obtained the enforcement order from the court to mandate the Group to fulfil the repayment obligation, bear the default interest and fee in accordance with the relevant agreement. Accordingly, a past late payment of RMB100,000,000 (Note 9) and a default interest of RMB71,355,000 were recognised in profit and loss. Up to the date of this interim condensed consolidated financial information, the Group is still re-negotiating the repayment schedule with the Lender while the Pledged Properties with fair value of RMB1,202,826,000 as at 30 June 2023 is not confiscated by the Lender. Management considers that the repayments could be made in full through internal fundings and will not have a significant impact to the Group's operations.

17 BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

- (c) On 12 March 2018, the Group entered into a sale and leaseback agreement with Great Wall Guosing Financial Leasing Co., Ltd. (the “**Lessor**”) with principal amounting to RMB500,000,000. An investment property was pledged as security. On 24 October 2022, the Group entered into a settlement agreement with the Lessor to further provide the entire equity interests in Fullshare Dazu (“**Secured Shares**”) as security.

During the six months ended 30 June 2023, the Lessor initiated a legal proceeding to freeze the Secured Shares. On 25 May 2023, the Group entered into a renewed settlement agreement with the Lessor to extend the repayment of the outstanding principal of approximately RMB215,583,000 for two years from the date of renewed settlement agreement. Up to the date of this interim condensed consolidated financial information, the Secured Shares remain frozen by the court order in the PRC.

- (d) During the six months ended 30 June 2023, certain of the borrowings (including the aforesaid loan from the Lender) with principal amounting to RMB722,518,000 were overdue (31 December 2022: RMB335,363,000). Overdue interest of RMB93,608,000 (six months ended 30 June 2022: RMB9,801,000) was recognised during the six months ended 30 June 2023. The Group is actively liaising with the lenders to extend the repayment period and has not received any request from any lender of the borrowings for accelerated repayment up to the date of this interim condensed consolidated financial information. Management considers that these borrowings could be repaid through internal fundings and will not have a significant impact to the Group’s operations.

18 CONTINGENT LIABILITIES

As at 30 June 2023, contingent liabilities not provided for in the interim condensed consolidated financial information were as follows:

- (i) As at 30 June 2023, the Group provided financial guarantees to one associate (31 December 2022: one associate) and four independent third parties (31 December 2022: four independent third parties) in favour of bank loans of RMB32,022,000 (31 December 2022: RMB40,020,000) and RMB1,220,000,000 (31 December 2022: RMB1,219,000,000), respectively. These amounts represented the balances that the Group could be required to be paid if the guarantees were called upon in its entirety. As at 30 June 2023 and 31 December 2022, the legal title of certain of investment properties provided as a financial guarantee to an entity (“**Warrantee**”) with carrying value of RMB142,980,000 (31 December 2022: RMB142,980,000) were frozen by the PRC’s court order. Up to the date of this interim condensed consolidated financial information, those investment properties are neither released from being frozen nor put for auction. In view that the Group has a borrowing owed to the Warrantee which exceeded the carrying value of investment properties under guarantee contract, and the right of the Group to set off the borrowing with the Warrantee by the value of the investment properties in case of confiscation pursuant to the agreement with the Warrantee, the management of the Group considered that the protection of the Group’s interests was sufficient. Accordingly, no provision for the obligation due to this financial guarantee has been made as at 30 June 2023 and 31 December 2022.

At the end of the reporting period, an amount of RMB3,045,000 (31 December 2022: RMB3,417,000) has been recognised in the interim condensed consolidated financial information as liabilities for the financial guarantees.

18 CONTINGENT LIABILITIES (CONTINUED)

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

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

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 2023 and 31 December 2022.

19 CAPITAL COMMITMENTS

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

	30 June 2023 (Unaudited) RMB’000	31 December 2022 (Audited) RMB’000
Contracted, but not provided for:		
– Property, plant and equipment	2,233,677	3,117,804
– Capital contributions to associates	133,000	133,000
– Capital contributions to joint ventures	50,000	50,000
	<u>2,416,677</u>	<u>3,300,804</u>

20 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 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Property, plant and equipment		1,932,576	1,661,522
Investment properties		4,785,005	4,803,265
Right-of-use assets		346,480	269,570
Trade receivables	<i>14</i>	398,826	398,826
Financial assets at FVOCI		861,671	1,034,234
Properties under development		98,983	98,935
Properties held for sale		49,908	49,915
Pledged bank deposits		4,555,978	4,897,224
		<u>13,029,427</u>	<u>13,213,491</u>

21 EVENTS AFTER THE REPORTING PERIOD

On 28 July 2023, the Company entered into three subscription agreements with certain subscribers, pursuant to which the subscribers conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 5,306,000,000 subscription shares at a price of HK\$0.03515 per subscription share. Up to the date of this interim condensed consolidated financial information, the subscriptions are yet to be completed pursuant to the subscription agreements. Details of the subscriptions are set out in the announcement of the Company dated 28 July 2023.

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 no contracted sales while during the six months ended 30 June 2022 (the “**Corresponding Period of 2022**”), the Group had contracted sales for an aggregate gross floor area (“**GFA**”) of approximately 152 sq.m. of approximately Renminbi (“**RMB**”)1,580,000. The decrease in contracted sales and GFA was mainly because most of the projects have been completed and disposed of in previous years and the real estate market in the PRC has been relatively sluggish recently.

As at 30 June 2023, a breakdown of the major properties held by the Group in the PRC and their construction status was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area (sq.m.)	GFA Completed (sq.m.)	GFA under construction (sq.m.)	Accumulated contracted sales GFA (sq.m.)	Interest attributable to the Group	
Yuhua Salon (雨花客廳)A1	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	33,606	79,287	–	60,300	100%	
Yuhua Salon (雨花客廳)A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Hotel and office project	Completed	Completed	30,416	81,380	–	–	100%	
Yuhua Salon (雨花客廳) C South	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	42,639	133,832	–	70,946	100%	
Yuhua Salon (雨花客廳) C North	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Apartment and commercial project	Completed	Completed	48,825	189,193	–	68,707	100%	
Xiangti Villa (香醍名邸)Phase 2	At the intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Not yet commence construction	Third quarter of 2025	30,932	–	–	–	80%	
Xiangti Villa (香醍名邸)Phase 3A	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Completed	Completed	6,644	5,585	–	–	80%	
Xiangti Villa (香醍名邸)Phase 3B	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Under construction	Second quarter of 2024	35,521	–	69,448	192	80%	
Xiangti Villa (香醍名邸)Phase 4	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Completed	Completed	28,459	22,758	–	18,625	80%	
					257,042	512,035	69,448	218,770		

(b) Investment properties

As at 30 June 2023, the investment properties of the Group mainly included Wonder City* (虹悅城), certain units of Yuhua Salon* (雨花客廳), Liuhe Happy Plaza Project* (六合歡樂廣場項目), Nantong Youshan Meidi Garden Project* (南通優山美地花園項目), Huitong Building Project* (匯通大廈項目), Zhenjiang Youshan Meidi Garden Project* (鎮江優山美地花園項目) and Weihai Project* (威海項目).

	Address	Existing use	Term of contract	GFA (sq.m.)	Interest attributable to the Group
Nanjing					
Wonder City (虹悅城)	No. 619 Yingtian Da Jie, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	100,605	100%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and shopping mall	Medium-term covenant	83,642	100%
Liuhe Happy Plaza Project* (六合歡樂廣場) (certain units)	No. 52-71 Longjinlu Liuhe District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	1,628	100%
Liuhe Happy Plaza Project* (六合歡樂廣場) (two floors)	No. 52-71 Longjinlu Liuhe District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	18,529	100%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	2,691	100%
Nantong					
Nantong Youshan Meidi Garden Project (南通優山美地花園項目)	No. 1888, Xinghu Avenue, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building Project (匯通大廈項目)	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project (鎮江優山美地花園項目)	At the cross of Guyang North Road and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC	Commercial	Medium-term covenant	10,085	100%
Weihai					
Weihai Project (威海項目)	Block 1, No. 229, Rongshan Road, Chengshan, Rongcheng City, Weihai, Shandong Province, the PRC	Commercial	Medium-term covenant	6,472	100%
				264,989	

(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 RMB444,000 (six months ended 30 June 2022: RMB1,132,000).

(2) *Tourism business*

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

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

The Sheraton project is located in Port Douglas, Queensland, Australia, a globally renowned tourist resort. The project comprises the Sheraton Mirage Resort and the Golf Club and has a total of 295 guest rooms, 7 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. As of the end of June 2023, the average price of AUD417 ranked first, with an occupancy rate of 59.2%.

During the Period Under Review, Nanjing Five Seasons Hotel is located in the Software Valley, Nanjing City, Jiangsu Province, the PRC with a land lot site area of 30,416.26 sq.m. and a total GFA of 81,379.8 sq.m. During the Period Under Review, the hotel's 9th and 6th floors have been put into full operation.

(3) *Investment and financial services business*

The Group's investment and financial services business consists of holding and investing in various listed and unlisted equities and financial assets and provision of investment and financial related services.

During the Period Under Review, this segment recorded a loss of approximately RMB21,491,000 (six months ended 30 June 2022: profit of RMB973,557,000). The significant change was mainly because there was a material reversal of impairment losses recognised for certain financial assets upon collection of default loans for the Corresponding Period of 2022 while no such material repayments from defaulted borrowers occurred during the Period Under Review.

(a) **Listed equity investments held for trading**

The portfolio of listed equity investments of the Group held for trading as at 30 June 2023 and 31 December 2022 is set out as below:

As at 30 June 2023

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
2098.HK (Note 1)	Zall Smart Commerce Group Ltd	80,000,000	0.65%	31,137	27,407	(2,178)	-	-
1708.HK (Note 1)	Nanjing Sample Technology Company Limited	10,000,000	1.26%	50,641	39,351	(3,879)	-	-
					<u>66,758</u>	<u>(6,057)</u>	<u>-</u>	<u>-</u>

Notes:

1. All of the above companies are listed companies on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).
2. All of the shares held by the Group are ordinary shares of the relevant company.

As at 31 December 2022

Stock code	Name	Number of shares held (Note 2)	Effective shareholding interest	Acquisition cost RMB'000	Carrying amount RMB'000	Unrealised holding gain/ (loss) arising on revaluation for the year RMB'000	Realised gain/ (loss) arising from the disposal for the year RMB'000	Dividend received/ receivable for the year RMB'000
153.HK (Note 1)	China Saite Group Company Limited (Note 3)	190,120,000	6.29%	88,646	-	(18,104)	-	-
2098.HK (Note 1)	Zall Smart Commerce Group Ltd	80,000,000	0.65%	31,137	28,269	(3,636)	-	-
1708.HK (Note 1)	Nanjing Sample Technology Company Limited	10,000,000	1.26%	50,641	41,608	(12,411)	-	-
					<u>69,877</u>	<u>(34,151)</u>	<u>-</u>	<u>-</u>

Notes:

1. All of the above companies are listed companies on the Stock Exchange.
2. All of the shares held by the Group are ordinary shares of the relevant company.
3. China Saite Group Company Limited was delisted from the Stock Exchange with effect from 16 November 2022. Based on the latest financial information of China Saite Group Company Limited available to the public, it is assessed that these shares have no residual value.

(b) Other investments

Apart from the above listed equity investments, the Group also held unlisted equity investments. Certain material unlisted equity investments of the Group classified as financial assets at fair value through other comprehensive income as at 30 June 2023 and 31 December 2022 are set out as below:

As at 30 June 2023

Name of investee	Cost of investment <i>RMB'000</i>	Carrying amount <i>RMB'000</i>	Unrealised holding gain/(loss) arising on revaluation for the year <i>RMB'000</i>	Realised gain/(loss) arising from the disposal for the year <i>RMB'000</i>	Dividend received/receivable for the year <i>RMB'000</i>
Zhejiang Zheshang Chanrong Investment Partnership (Limited Partnership)* ("Zheshang Fund") (浙江浙商產融投資合夥企業(有限合夥))(Note 1)	2,000,000	1,276,354	(264,665)	–	–
Jiangsu Minying Investment Holding Limited* ("Jiangsu Investment") (江蘇民營投資控股有限公司) (Note 1)	400,000	317,510	(11,555)	–	–
		<u>1,593,864</u>	<u>(276,220)</u>	<u>–</u>	<u>–</u>

Note:

1. Zheshang Fund and Jiangsu Investment are primarily engaged in, among other things, equity and debt investment, investment management and investment consultation.

As at 31 December 2022

Name of investee	Cost of investment <i>RMB'000</i>	Carrying amount <i>RMB'000</i>	Unrealised holding gain/(loss) arising on revaluation for the year <i>RMB'000</i>	Realised gain/(loss) arising from the disposal for the year <i>RMB'000</i>	Dividend received/receivable for the year <i>RMB'000</i>
Zheshang Fund	2,000,000	1,541,019	(401,411)	–	–
Jiangsu Investment	400,000	329,065	(14,755)	–	16,000
		<u>1,870,084</u>	<u>(416,166)</u>	<u>–</u>	<u>16,000</u>

The future performance of the investments held by the Group will be affected by the overall economic environment, market condition and the business performance of the investee company. In this regard, 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 stabilising its long term investment strategies.

As at 30 June 2023 and 31 December 2022, the Group did not hold any significant investment with a value greater than 5% of the Group's total assets.

(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.

(4) Healthcare and education business and others

During the Period Under Review, the Group will continue to identify appropriate investment opportunities to inject new impetus for the sustainable development of healthcare and education businesses. The revenue of healthcare and education segment was approximately RMB4,709,000 (six months ended 30 June 2022: RMB3,566,000).

(5) New Energy segment

(a) Wind gear transmission equipment

The Group is a leading supplier of wind gear transmission equipment in China, by leveraging on its strong research, design and development capabilities, our technology have reached an internationally advanced technical level. The wind gear transmission equipment products of the Group are widely applied in onshore and offshore wind power. The large-megawatt wind gear transmission equipment products such as 11MW and 12MW have been provided to domestic and overseas customers in bulk. During the Period under Review, the Group maintains a strong customer portfolio. Customers of our wind gear transmission equipment products include the major wind turbine manufacturers in the PRC, as well as the renowned international wind turbine manufacturers such as GE Renewable Energy, Siemens Gamesa Renewable Energy, Suzlon and Doosan. The wind gear transmission equipment is a major product that has been developed by the Group.

(b) Industrial gear transmission equipment

The Group's industrial gear transmission equipment products are widely applied to customers in industries such as metallurgy, construction materials, rubber and plastic, petrochemical, aerospace, mining, ports and engineering machinery.

In recent years, the Group has always adhered to the strategy for green development of the industrial gear transmission equipment. With a focus on energy conservation, environmental protection and low carbon, as well as in-depth exploration in the transmission technology and extended driving technology, the Group has, under the iteration and upgrading of product technology in the field of heavy-duty transmission, developed standardised, modular and intelligent products which are internationally competitive and an electromechanical control integrated driving system with high efficiency, high reliability and low energy consumption. With “complete range, clear layers and precise subdivision” as our product positioning and market positioning, the Group was able to facilitate changes in sales strategies and production models, improve comprehensive competitiveness and further consolidate market advantages. At the same time, the Group vigorously developed new markets and expanded into new industries, particularly focusing on research and development and market expansion for products such as standard gear box and planetary gear box. These initiatives were carried out comprehensively. Meanwhile, the Group also strengthened its efforts to provide and sell the parts and components of relevant products as well as comprehensive system solutions to its customers, helping customers to enhance their current production efficiency and reduce energy consumption without increasing capital expenditure and satisfying the diverse and differentiated needs of customers, thereby maintaining the Group's position as a major supplier in the market of industrial gear transmission equipment products.

(c) Rail transportation gear transmission equipment

The Group's rail transportation gear transmission equipment products are widely used in the rail transportation fields such as high-speed rails, metro lines, urban trains and trams. The Company has established long-term cooperative relationships with many well-known domestic and foreign companies in the industry. The Group has obtained ISO/TS22163 Certificate for the Quality Management System of International Railway Industry and CRCC Certification for Railway Products for its rail transportation gear transmission equipment products, which has laid a solid foundation for further expansion in the international rail transportation market. Currently, the products have been successfully applied to rail transportation transmission equipment in many Chinese cities, such as Beijing, Shanghai, Shenzhen, Nanjing, Hong Kong and Taipei, and other countries and regions such as Singapore, Brazil, Netherlands, India, Mexico, Tunisia, Australia, Canada, France, Spain, Romania and Tanzania. With optimised gearbox design technology, excellent sealing technology and effective control of the production process, the Company's rail transportation gear transmission equipment products are more environmental friendly, and the products are well received by users.

(d) Trading business

The trading business of the Group mainly comprises trading business of bulk commodities and trading business in steel industrial chain. The bulk commodity trading business mainly involves the procurement and wholesale of refined oil and electrolytic copper. The trading business in steel industrial chain mainly involves, among others, the procurement and wholesale of raw coal and coke, being upstream raw materials of steel, and the procurement and wholesale of steel. The Group's trading business in steel industrial chain make use of the core resources in the trade system of steel industrial chain as a cut-in point to develop the trading business system of the steel industrial chain. At present, the Group has completed the preliminary resources integration of the steel industry from upstream raw materials to special steel, which promotes the development of the trading business.

FINANCIAL REVIEW

Revenue

The revenue of the Group from the continuing operations increased by approximately RMB1,571,384,000, or 16%, from approximately RMB9,980,131,000 for the Corresponding Period of 2022 to approximately RMB11,551,515,000 for the Period Under Review. The revenue from the continuing operations and the changes for the Period Under Review and Corresponding Period of 2022 derived from different segments are listed as below:

Segment	Period Under	Corresponding	Changes	
	Review	Period of	RMB'000	percentage
	RMB'000	2022	RMB'000	
		RMB'000		
Properties	126,650	129,865	(3,215)	(2)%
Tourism	160,994	155,331	5,663	4%
Investment and financial services	1,567	5,783	(4,216)	(73)%
Healthcare and education and others	4,709	3,566	1,143	32%
New Energy	11,257,595	9,685,586	1,572,009	16%
Total Revenue	<u>11,551,515</u>	<u>9,980,131</u>	<u>1,571,384</u>	<u>16%</u>

The increase in the revenue of the Group was mainly derived from new energy segment which contributed to the largest increment to the revenue of Group amounting to approximately RMB1,572,009,000. It was mainly due to the increase in deliveries of wind gear transmission equipment.

The revenue from tourism segment increased by approximately RMB5,663,000. It is because during the Period Under Review, the gradual normalisation of the lives of Chinese citizens upon the relaxation of COVID-19 pandemic restrictions continuously contributed to the increase in the demand for staycation locally. As a result, the revenue increased in the Period Under Review.

The revenue from properties segment decreased slightly by approximately RMB3,215,000 which was mainly because fewer property units were delivered and less rental and construction services income were earned in the Period Under Review.

Cost of sales and services

The cost of sales and services of the Group from the continuing operations increased by approximately RMB1,170,519,000, or 14%, from approximately RMB8,526,813,000 for the Corresponding Period of 2022 to approximately RMB9,697,332,000 for the Period Under Review. The cost and changes from the continuing operations for the Period Under Review and Corresponding Period of 2022 derived from different segments are listed as below:

Segment	Period Under	Corresponding	Changes	
	Review	Period of	RMB'000	percentage
	RMB'000	2022	RMB'000	
		RMB'000		
Properties	44,592	47,895	(3,303)	(7)%
Tourism	137,620	134,604	3,016	2%
Investment and financial services	76	1,820	(1,744)	(96)%
Healthcare, education and others	3,170	2,501	669	27%
New energy	9,511,874	8,339,993	1,171,881	14%
Total cost	<u>9,697,332</u>	<u>8,526,813</u>	<u>1,170,519</u>	<u>14%</u>

Gross profit and gross profit margin

The gross profit of the Group from the continuing operations increased by approximately RMB400,865,000, or 28%, from approximately RMB1,453,318,000 in the Corresponding Period of 2022 to approximately RMB1,854,183,000 for the Period Under Review. The gross profit margin increased from 15% in the Corresponding Period of 2022 to 16% for the Period Under Review. The gross profit of the Group was mainly derived from new energy segment. The gross profit and gross profit margin for the Period Under Review derived from new energy segment were approximately RMB1,745,721,000 and 16% respectively. The gross profit and gross profit margin in the Corresponding Period of 2022 derived from new energy segment were RMB1,345,593,000 and 14% respectively. The increase in gross profit of new energy segment was mainly due to the increase in the market demand for wind gear transmission equipment.

Selling and distribution expenses

Selling and distribution expenses of the Group from the continuing operations increased by approximately RMB47,053,000, or 20%, from approximately RMB230,530,000 in the Corresponding Period of 2022 to approximately RMB277,583,000 for the Period Under Review. The selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses and staff costs.

Administrative expenses

Administrative expenses of the Group from the continuing operations increased by approximately RMB115,060,000, or 28%, from approximately RMB407,720,000 in the Corresponding Period of 2022 to approximately RMB522,780,000 for the Period Under Review. The administrative expenses for the Period Under Review mainly included salaries and staff welfare, provision for penalty, depreciation and amortisation of tangible and intangible assets. The significant increase in the administrative expenses during the Period Under Review was mainly due to the provision for penalty for late payment of a loan on due date amounting to approximately RMB100,000,000 being made in the Period Under Review. No such provision was made in the Corresponding Period of 2022.

Research and development costs

Research and development costs of the Group increased by approximately RMB93,658,000, or 26%, from approximately RMB365,701,000 in the Corresponding Period of 2022 to approximately RMB459,359,000 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 provision for/reversal of impairment losses on the financial assets

A net impairment loss of RMB219,712,000 on the financial assets of the Group was recognised in the Period Under Review as compared with the reversal of net impairment loss of RMB914,741,000 recognised for the Corresponding Period of 2022. During the Corresponding Period of 2022, with the continuous efforts of the management, certain debtors repaid the overdue balances which had been impaired and accordingly, a reversal of impairment loss was recognised. During the Period Under Review, no such material repayments were made. In view of the delayed repayments and continuous worsening financial status of certain borrowers or debtors, credit risk of certain financial assets increased since initial recognition. Accordingly, impairment losses were recognised.

Other income

Other income decreased by approximately RMB4,759,000, or 2%, from approximately RMB209,139,000 in the Corresponding Period of 2022 to approximately RMB204,380,000 for the Period Under Review. Other income for the Period Under Review mainly included bank and other interest income of approximately RMB78,329,000, government grants of approximately RMB39,802,000 and sales of scraps and materials of approximately RMB38,734,000. Other income in the Corresponding Period of 2022 mainly included bank and other interest income of approximately RMB98,104,000 and government grants of approximately RMB46,316,000.

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 RMB19,258,000 for the Period Under Review as compared to the loss on change in fair value of approximately RMB862,677,000 for the Corresponding Period of 2022. The fair value change during the Corresponding Period of 2022 was mainly derived from derivative financial instruments in respect of a forward contract to acquire an entity, principal activity of which is engaged in tourism business seriously suffered by the COVID-19. Since the respective acquisition was completed in 2022, such derivative financial instruments was lapsed.

Other gains – net

Other gains mainly included the net foreign exchange gains of approximately RMB187,506,000 and RMB91,714,000 respectively for the Period Under Review and Corresponding Period of 2022.

Finance costs

Finance costs of the Group from the continuing operations increased by approximately RMB225,401,000, or 59%, from approximately RMB379,175,000 in the Corresponding Period of 2022 to approximately RMB604,576,000 for the Period Under Review, which was mainly due to more average borrowing amount of the Group for the Period Under Review than in the Corresponding Period of 2022 and provision for default interests arising from failure to repay loans on due date.

Share of result of joint ventures and associates

The Group's share of profit from its joint ventures and associates amounted to approximately RMB3,384,000 for the Period Under Review as compared with share of profit of approximately RMB8,273,000 in the Corresponding Period of 2022. It is mainly due to performances of certain investees being less satisfying during the Period Under Review.

Income tax expense

For the Period Under Review, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB73,366,000 and RMB63,372,000 respectively, and in the Corresponding Period of 2022, the current and the deferred tax expense amounted to approximately RMB400,720,000 and RMB43,865,000, respectively.

The decrease in current tax during the Period Under Review was mainly because of a one-off income tax expenses of approximately RMB315,000,000 incurred arising from the disposal of 43% equity interest in Nanjing High Speed Gear Manufacturing Co., Ltd (南京高速齒輪製造有限公司) during the Corresponding Period of 2022. No such disposal occurred in the Period Under Review.

Profit for the Period Under Review

For the Period Under Review, the Group recorded a profit after tax of approximately RMB170,012,000 while in the Corresponding Period of 2022, the Group recorded a profit after tax of approximately RMB206,096,000. The operating performance for the Period Under Review was more satisfying mainly due to the increase in operating profits from new energy segment. However, the positive impact brought by new energy segment was offset by impairment losses on financial assets recognised and the provision for penalty arising from late payment of a loan on due date and default interests.

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 2023, the Group had cash and cash equivalents (excluding the restricted cash) of approximately RMB4,504,742,000 (31 December 2022: RMB4,533,808,000), representing a decrease of approximately RMB29,066,000 or 1% as compared to 31 December 2022. The Group's cash and cash equivalents remain stable. The Group regularly and closely monitors its funding and treasury position to meet the funding requirements of the Group.

Bank and other borrowings and corporate bonds

As at 30 June 2023 and 31 December 2022, the debt profile of the Group was analysed as follows:

	As at 30 June 2023 <i>RMB'000</i>	As at 31 December 2022 <i>RMB'000</i>
Bank and other borrowings repayable:		
Within one year or on demand	8,499,035	8,608,849
Between one and two years	2,768,102	1,338,702
Between two to five years	1,821,037	1,892,357
Over five years	1,395,021	1,080,154
Total debts	<u>14,483,195</u>	<u>12,920,062</u>

As at 30 June 2023, the total debt of the Group increased by approximately 1,563,133,000 or 12%, as compared with 31 December 2022.

Leverage

The gearing ratio of the Group as at 30 June 2023, calculated as a ratio of the sum of bank and other borrowings to total assets, was approximately 26% (31 December 2022: 23%). The net equity of the Group as at 30 June 2023 was approximately RMB17,962,008,000 (31 December 2022: approximately RMB18,120,248,000).

As at 30 June 2023, the Group recorded total current assets of approximately RMB34,280,931,000 (31 December 2022: RMB33,959,429,000) and total current liabilities of approximately RMB29,801,175,000 (31 December 2022: RMB30,181,512,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.2 as at 30 June 2023 (31 December 2022: 1.1).

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

As at 30 June 2023, bank and other borrowings of approximately RMB13,698,117,000, RMB537,442,000 and RMB247,636,000 were denominated in RMB, US dollars and Australia dollars respectively (31 December 2022: RMB12,143,445,000, RMB531,638,000 and RMB244,979,000). The debts in various currencies were mainly made to finance the operation of Group's entities in different jurisdictions.

Bank and other borrowings of approximately RMB 6,465,382,000 (31 December 2022: RMB6,949,171,000) 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 2023 are set out in note 20 to the interim condensed consolidated financial information disclosed in this announcement.

OPERATING SEGMENT INFORMATION

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

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 30 June 2023 are set out in note 19 to the interim condensed consolidated financial information disclosed in this announcement.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2023 are set out in note 18 to the interim condensed consolidated financial information disclosed in this announcement.

SUBSEQUENT EVENTS

As at 30 June 2023, details of the subsequent events of the Group are set out in note 21 to the interim condensed consolidated financial information disclosed in this announcement.

PROSPECT

In the second half of 2023, the Group will continue to pursue steady growth on existing business segments, combine with the layout of the big healthcare industry, pay attention to the market, especially the domestic high-quality big healthcare projects, and invest with a cautious attitude. At the same time, resource operation and integration will be carried out on the resource side and platform side of self-operation, equity participation and cooperation in order to achieve a considerable comprehensive return. The Group firmly believes that a diversified business portfolio can bring sustainable and stable revenue, and that the synergies between the businesses will be fully utilised, thus laying a solid foundation for the Group's development.

The Group will continue to strive for a prudent financial management policy, improve the effectiveness of capital utilisation, strengthen internal corporate governance, control operational and financial risks and enhance its risk resistance capability.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EMPLOYEES

As at 30 June 2023, the Group had 8,667 employees (31 December 2022: 8,448 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB977,956,000 for the Period Under Review (for the six months ended 30 June 2022: approximately RMB944,891,000). 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 code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the Period Under Review save for the following deviation:

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

AUDIT COMMITTEE REVIEW

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

By Order of the Board
Fullshare Holdings Limited
JI CHANGQUN
Chairman

Hong Kong, 31 August 2023

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

* *For identification purposes only*