豐盛
FULLSHARE

Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Fullshare Holdings Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Year 2024**"), together with the comparative figures for the previous year prepared in accordance with the generally accepted accounting principles in Hong Kong as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

	Note	**2024** *RMB'000*	2023 *RMB'000*
Revenue	*5*	**23,147,916**	24,845,816
Cost of sales and services provided	*9*	**(19,654,507)**	(21,304,093)
Gross profit		**3,493,409**	3,541,723
Selling and distribution expenses	*9*	**(619,837)**	(618,040)
Administrative expenses	*9*	**(826,239)**	(980,759)
Research and development costs	*9*	**(809,474)**	(904,473)
Net provision for impairment losses recognised on financial assets	*3*	**(569,840)**	(684,970)
Impairment losses on trade receivables and prepayments in relation to trading business included in new energy segment	*20*	**(6,628,646)**	–
Other income	*7*	**496,403**	410,329
Net fair value changes in financial instruments	*6*	**(62,000)**	(67,122)
Other losses – net	*8*	**(547,313)**	(9,657)

	Note	2024 RMB'000	2023 RMB'000
Operating (loss)/profit		**(6,073,537)**	687,031
Finance costs	*10*	**(997,693)**	(1,135,141)
Share of results of joint ventures		**(32,393)**	9,967
Share of results of associates		**(34,798)**	(6,717)
Loss before tax		**(7,138,421)**	(444,860)
Income tax expenses	*11*	**(186,929)**	(10,589)
Loss for the year		**(7,325,350)**	(455,449)
Other comprehensive (loss)/income for the year:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		**(158,982)**	(59,799)
– Changes in fair value of debt instruments at fair value through other comprehensive income		**(8,322)**	9,013
– Income tax relating to these items		**1,296**	(1,517)
– Share of other comprehensive income/(loss) of associates		**2,904**	(1,243)
Items that will not be reclassified to profit or loss:			
– Changes in fair value of equity instruments at fair value through other comprehensive income		**(6,855)**	(454,261)
– Income tax relating to these items		**6,296**	95,958
– Reversal of deferred tax assets recognised in prior years		**(213,388)**	-
Other comprehensive loss for the year, net of tax		**(377,051)**	(411,849)
Total comprehensive loss for the year		**(7,702,401)**	(867,298)
(Loss)/profit for the year attributable to:			
– Equity shareholders of the Company		**(6,013,900)**	(950,538)
– Non-controlling interests		**(1,311,450)**	495,089
		(7,325,350)	(455,449)
Total comprehensive (loss)/income for the year attributable to:			
– Equity shareholders of the Company		**(6,342,464)**	(1,281,331)
– Non-controlling interests		**(1,359,937)**	414,033
		(7,702,401)	(867,298)

	Note	2024 RMB	2023 RMB
Loss per share			
Basic and diluted loss per share	*13*	**(9.444)**	(1.722)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**10,827,956**	10,584,760
Investment properties		**2,795,588**	4,931,388
Right-of-use assets		**1,288,185**	1,096,638
Goodwill		**1,503,817**	1,503,817
Other intangible assets		**138,731**	218,686
Investments in joint ventures		**143,998**	303,902
Investments in associates		**461,738**	339,589
Financial assets at fair value through other comprehensive income		**1,451,622**	1,675,229
Financial assets at fair value through profit or loss		**779,336**	439,395
Consideration receivables		**144,903**	154,326
Loan receivables		**96,933**	131,130
Properties under development		**–**	536,311
Prepayments	*15*	**–**	5,890
Deferred tax assets		**666,344**	1,325,068
		20,299,151	23,246,129
Current assets			
Inventories		**6,056,212**	6,548,666
Trade receivables	*14*	**6,180,845**	8,524,702
Consideration receivables		**466,889**	130,593
Loan receivables		**–**	524,497
Prepayments	*15*	**400,608**	1,978,386
Other receivables		**1,336,050**	1,879,212
Income tax prepaid		**12,354**	42,984
Financial assets at fair value through other comprehensive income		**3,352,590**	1,809,484
Financial assets at fair value through profit or loss		**155,252**	501,437
Properties held for sale		**–**	51,836
Restricted cash		**2,822,958**	3,578,324
Cash and cash equivalents		**3,965,148**	5,693,844
		24,748,906	31,263,965

	Note	2024 RMB'000	2023 RMB'000
Current liabilities			
Trade and bills payables	*16*	**9,407,155**	7,625,165
Other payables and accruals	*17*	**3,413,945**	3,755,124
Contract liabilities		**1,643,709**	1,779,712
Derivative financial instruments		**34,254**	33,228
Lease liabilities		**47,841**	7,351
Bank and other borrowings	*18*	**6,359,850**	9,702,996
Income tax payable		**207,200**	647,684
Warranty provision		**908,794**	1,144,479
Deferred income		**69,735**	43,229
Written put option liability		**–**	4,772,175
		22,092,483	29,511,143
Net current assets		**2,656,423**	1,752,822
Total assets less current liabilities		**22,955,574**	24,998,951
Non-current liabilities			
Bank and other borrowings	*18*	**5,401,985**	4,777,218
Deferred income		**676,577**	475,164
Lease liabilities		**135,728**	8,629
Warranty provision		**1,260,019**	1,124,470
Deferred tax liabilities		**877,690**	1,175,460
		8,351,999	7,560,941
Net assets		**14,603,575**	17,438,010
Capital and reserves			
Share capital		**269,500**	269,500
Reserves		**7,633,340**	10,634,529
Equity attributable to equity shareholders of the Company		**7,902,840**	10,904,029
Non-controlling interests		**6,700,735**	6,533,981
Total equity		**14,603,575**	17,438,010

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Fullshare Holdings Limited (the "**Company**") was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Act (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is changed from Unit 2805, Level 28, Admiralty Centre Tower 1, 18 Harcourt Road, Admiralty, Hong Kong to Unit C1, 26th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong with effect from 17 March 2025. 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.

As at 31 December 2024, the single largest shareholder of the Company is Magnolia Wealth International Limited, which is a company incorporated in the British Virgin Islands with limited liability. In the opinion of the directors of the Company, as at 31 December 2024, the Company had no single controlling shareholder.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial information of the Group has been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the disclosure requirements of Hong Kong Companies Ordinance. The consolidated financial information has been prepared under the historical cost basis, except for certain financial assets and liabilities (including derivative instruments), and investment properties that are measured at fair value.

The preparation of consolidated financial information in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

During the year ended 31 December 2024, the Group failed to fulfil certain financial obligations as set out in an earnest money agreement and asset transfer agreement in respect of previous plan on disposal of equity interests of subsidiaries and certain assets (Note 17(ii)&(iii)), and a number of loan agreements in respect of certain overdue and defaulted borrowings (Note 18).

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The management has prepared the cash flow projections which cover a period of twelve months from 31 December 2024. The directors are of the opinion that, based on the cash flow projections and taking into account the expected operation results, the Group's assets available for realisation if necessary, the adequate collaterals of the relevant loans, and the continuing liaison and renegotiation with relevant parties in respect of timing of repayment of the Group's financial obligations, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the next twelve months. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial information under the going concern basis.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies

(a) Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial information:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in this consolidated financial information.

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

- Amendments to HKAS 21 and HKFRS 1, "Lack of exchangeability", effective for annual periods beginning on or after 1 January 2025

- Amendments to HKFRS 9 and HKFRS7, "Amendments to the classification and measurement of financial instruments", effective for annual periods beginning on or after 1 January 2026

- Amendments to HKFRS 9 and HKFRS 7, "Contracts referencing nature – dependent electricity", effective for annual periods beginning on or after 1 January 2026

- Amendments to HKFRS Accounting Standards, "Annual improvements to HKFRS Accounting Standards – Volume 11", effective for annual periods beginning on or after 1 January 2026

- HKFRS 18, "Presentation and disclosure in financial statements", effective for annual periods beginning on or after 1 January 2027

- Amendments to HKFRS 10 and HKAS 28, "Sale or contribution of assets between an investor and its associate or joint venture", effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have material impacts on the Group's result of operations and financial position. While HKFRS 18 will not change recognition criteria or measurement bases, the standard is expected to change the presentation and disclosures of the Group's consolidated financial statements.

3 FINANCIAL RISK MANAGEMENT

Credit risk

The Group has policies to limit the credit risk exposure on debt instruments carried at amortised cost, financial assets at fair value through other comprehensive income ("**FVOCI**"), financial assets at fair value through profit or loss ("**FVPL**") 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, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the end of the reporting period with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive 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 behaviour 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 so on. The management would assess and examine the balance individually.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk (Continued)

During the years ended 31 December 2024 and 2023, the summary of the net impairment losses on financial assets recognised in profit or loss was as follows:

	Note	2024 RMB'000	2023 RMB'000
Provision for/(reversal of) impairment loss on			
Trade receivables		**3,186,137**	(10,799)
Less: Trade receivables for Relevant Trading Business *(Note)*	*20*	**(3,178,115)**	–
– Trade receivables for businesses other than Relevant Trading Business		**8,022**	(10,799)
– Loan receivables		**435,186**	146,862
– Consideration receivables		**(2,552)**	69,396
– Other receivables		**129,184**	479,748
– Other financial assets at amortised cost		**–**	(237)
		569,840	684,970

Note:

During the year ended 31 December 2024, balances of trade receivables and prepayments relating to trading business included in new energy segment which carried out with 13 customers and 3 suppliers ("**Relevant Trading Business**") were fully impaired. Details of the findings and actions are set out in Note 20.

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.

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 of a borrowing, finance costs as well as head office and corporate expenses are excluded from such measurement.

4 OPERATING SEGMENT INFORMATION (CONTINUED)

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, certain other 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, consideration and deposit received for disposal of subsidiaries, certain lease liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	For the year ended 31 December 2024					
	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	**242,025**	**339,795**	**3,168**	**487,458**	**22,075,470**	**23,147,916**
Fair value changes in financial instruments	**–**	**–**	**(60,840)**	**–**	**(1,160)**	**(62,000)**
Segment results	**(504,561)**	**(239,499)**	**(532,640)**	**(15,157)**	**(5,098,847)**	**(6,390,704)**
Reconciliation:						
Unallocated bank interest income *(Note 7)*						**116,280**
Unallocated interest on deferred consideration *(Note 7)*						**9,130**
Loss on disposal of a subsidiary *(Note 8)*						**(9,976)**
Unallocated income and losses, net						**192,233**
Corporate and other unallocated expenses						**(57,691)**
Finance costs *(Note 10)*						**(997,693)**
Loss before tax						**(7,138,421)**
Segment assets as at 31 December 2024	**3,058,845**	**490,641**	**2,264,246**	**319,663**	**31,050,442**	**37,183,837**
Reconciliation:						
Corporate and other unallocated assets						**7,864,220**
Total assets as at 31 December 2024						**45,048,057**
Segment liabilities as at 31 December 2024	**620,253**	**177,875**	**274,758**	**7,655**	**15,715,769**	**16,796,310**
Reconciliation:						
Corporate and other unallocated liabilities						**13,648,172**
Total liabilities as at 31 December 2024						**30,444,482**

4 OPERATING SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 December 2024						
	Properties *RMB'000*	**Tourism** *RMB'000*	**Investment and financial services** *RMB'000*	**Healthcare, education and others** *RMB'000*	**New energy** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Other segment information:							
Share of (loss)/profit of joint ventures	**(40,179)**	**–**	**7,786**	**–**	**–**	**–**	**(32,393)**
Share of loss and impairment loss of associates	**(25,465)**	**(95)**	**–**	**(7,877)**	**(1,361)**	**–**	**(34,798)**
(Provision for)/reversal of impairment losses on property, plant and equipment *(Note 8)*	**–**	**(234,294)**	**–**	**–**	**6,110**	**–**	**(228,184)**
Impairment losses on trade receivables and prepayments in relation to trading business included in new energy segment	**–**	**–**	**–**	**–**	**(6,628,646)**	**–**	**(6,628,646)**
Depreciation and amortisation *(Note 9)*	**(9,196)**	**(66,963)**	**(679)**	**(3,453)**	**(861,787)**	**(5,787)**	**(947,865)**
Investments in joint ventures	**–**	**–**	**143,998**	**–**	**–**	**–**	**143,998**
Investments in associates	**152,107**	**–**	**–**	**99,695**	**209,936**	**–**	**461,738**
Capital expenditure*	**98,796**	**104,622**	**–**	**56**	**2,341,007**	**3,993**	**2,548,474**

	For the year ended 31 December 2023					
	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	254,155	360,389	2,680	151,444	24,077,148	24,845,816
Fair value changes in financial instruments	–	–	(68,408)	–	1,286	(67,122)
Segment results	(357,347)	(7,165)	(217,498)	6,169	1,196,860	621,019
Reconciliation:						
Unallocated bank interest income *(Note 7)*						123,890
Unallocated interest on deferred consideration *(Note 7)*						9,020
Gains on disposal of subsidiaries *(Note 8)*						2,449
Unallocated income and losses, net						(5,544)
Corporate and other unallocated expenses						(60,553)
Finance costs *(Note 10)*						(1,135,141)
Loss before tax						(444,860)

4 OPERATING SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 December 2023					
	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 assets as at 31 December 2023	6,339,169	1,433,985	2,665,623	550,487	32,529,027	43,518,291
Reconciliation:						
Corporate and other unallocated assets						10,991,803
Total assets as at 31 December 2023						54,510,094
Segment liabilities as at 31 December 2023	1,624,223	122,157	210,764	3,765	13,256,861	15,217,770
Reconciliation:						
Corporate and other unallocated liabilities						21,854,314
Total liabilities as at 31 December 2023						37,072,084

	For the year ended 31 December 2023						
	Properties *RMB'000*	Tourism *RMB'000*	Investment and financial services *RMB'000*	Healthcare, education and others *RMB'000*	New energy *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Other segment information:							
Share of profit of joint ventures	2,292	–	7,675	–	–	–	9,967
Share of loss of associates	(47)	(248)	–	(3,782)	(2,640)	–	(6,717)
Impairment losses on property, plant and equipment *(Note 8)*	–	–	–	–	(4,931)	–	(4,931)
Depreciation and amortisation *(Note 9)*	(1,620)	(77,608)	(1,055)	(306)	(640,802)	(9,024)	(730,415)
Investments in joint ventures	171,885	–	132,017	–	–	–	303,902
Investments in associates	132	19,658	–	123,502	196,297	–	339,589
Capital expenditure*	1,596	29,053	18	26	2,524,844	226	2,555,763

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

4 OPERATING SEGMENT INFORMATION (CONTINUED)

(i) Revenue from external customers by locations of customers

	2024	2023
	RMB'000	*RMB'000*
The PRC	**20,770,052**	22,312,238
The United States of America (the "**USA**")	**1,275,193**	1,398,369
Europe	**208,666**	183,282
Australia	**246,935**	274,027
Other countries	**647,070**	677,900
	23,147,916	24,845,816

(ii) Non-current assets by locations of assets

	2024	2023
	RMB'000	*RMB'000*
The PRC	**15,730,389**	18,132,074
Australia	**377,628**	369,387
The USA	**175,865**	185,377
Other countries	**270,395**	190,652
	16,554,277	18,877,490

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

(iii) Information about major customers

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

	2024	2023
	RMB'000	*RMB'000*
Customer A*	**2,529,425**	2,775,039

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

5 REVENUE

(i) Disaggregation of revenue from contracts with customers and other sources

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Properties segment:		
– Property development and sales	**2,583**	153
– Construction consulting services	**–**	443
	2,583	596
Tourism segment:		
– Hotel operations	**332,722**	348,174
– Sales of tourist goods and services	**7,073**	12,215
	339,795	360,389
New energy segment:		
– Sales of gear products	**17,613,069**	17,055,230
– Trading of goods	**4,462,401**	7,021,918
	22,075,470	24,077,148
Investment and financial services segment:		
– Investment and financial consulting services	**3,168**	2,680
Healthcare, education and others segment:		
– Education services	**10,436**	11,434
– Healthcare products and other services	**4,273**	3,117
– Trading of goods	**472,749**	136,893
	487,458	151,444
	22,908,474	24,592,257
Revenue from other sources		
Properties segment:		
– Gross rental income	**239,442**	253,559
	23,147,916	24,845,816

5 REVENUE (CONTINUED)

(ii) Revenue from contracts with customers and other sources disaggregated by timing of revenue recognition

	2024	2023
	RMB'000	*RMB'000*
Timing of revenue recognition:		
– Recognised at a point in time	**22,562,148**	24,229,526
– Recognised over time	**585,768**	616,290
	23,147,916	24,845,816

6 NET FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

	2024	2023
	RMB'000	*RMB'000*
Fair value losses in financial assets at FVPL	**(51,531)**	(57,676)
Fair value losses in derivative financial instruments	**(10,469)**	(9,446)
	(62,000)	(67,122)

7 OTHER INCOME

		2024	2023
	Note	***RMB'000***	*RMB'000*
Bank interest income	*(i)*	**116,280**	123,890
Interest on deferred consideration	*(ii)*	**9,130**	9,020
Other interest income	*(iii)*	**9,191**	27,411
Dividend income from FVPL and FVOCI		**3,712**	15,105
Management fees income	*(iv)*	**36,614**	37,612
Government grants	*(v)*	**195,031**	93,750
Sales of scraps and materials		**97,944**	89,293
Others		**28,501**	14,248
		496,403	410,329

7 OTHER INCOME (CONTINUED)

Note:

(i) Bank interest income is principally derived from restricted cash and cash and cash equivalents.

(ii) The interest income is derived from deferred consideration on disposal of 72.71% equity interest in Sparrow Early Learning Pty Limited.

(iii) Other interest income is principally derived from loan receivables.

(iv) Management fees income consists of management fees income for leased shops, carparking fees income and other ancillary service income in relation to leases of property.

(v) Government grants represent 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 LOSSES – NET

	Note	**2024** *RMB'000*	2023 *RMB'000*
(Losses)/gains on disposal of subsidiaries	*19*	**(9,976)**	2,449
Fair value losses of investment properties		**(444,344)**	(71,475)
Gains/(losses) on disposal of property, plant and equipment		**9,727**	(578)
Gains on disposal of associates		**7,404**	7,835
Loss on swap contracts		**(36,823)**	(35,720)
Impairment losses on property, plant and equipment		**(228,184)**	(4,931)
Waiver of interest on loan receivables	*(i)*	**–**	(38,866)
Reversal of/(provision for) impairment losses on prepayments (excluding Relevant Trading Business)		**311**	(2,323)
Impairment losses of other intangible assets		**(9,680)**	–
Foreign exchange gains – net		**164,157**	125,777
Others		**95**	8,175
		(547,313)	(9,657)

Note:

(i) It represented waiver of certain overdue loan interests as an inducement for the loan principal repayments from the borrowers during the year ended 31 December 2023.

9 EXPENSES BY NATURE

	2024 *RMB'000*	2023 *RMB'000*
Employee benefit expenses:		
Directors' remuneration		
– Fees	**2,324**	2,275
– Salaries, allowances and benefits in kind	**2,337**	2,311
– Discretionary bonuses	**560**	560
– Pension scheme contributions	**297**	306
	5,518	5,452
Other staff costs		
– Salaries and other benefits	**2,054,385**	1,997,834
– Pension scheme contributions	**176,631**	174,609
	2,231,016	2,172,443
	2,236,534	2,177,895
Other items:		
Cost of inventories sold	**17,242,926**	19,133,831
Cost of properties sold	**2,497**	151
Amortisation of other intangible assets	**70,307**	70,420
Depreciation of right-of-use assets	**46,602**	33,665
Depreciation of property, plant and equipment	**830,956**	626,330
Write-down of inventories	**77,371**	62,598
Write-down of properties under development	**5,738**	57,204
Write-down of properties held for sale	**339**	552
Expenses relating to short-term leases	**35,173**	48,086
Expenses relating to leases of low-value assets	**1,891**	2,451
Auditors' remuneration		
– Audit services	**7,065**	7,065
– Non-audit services	**4,420**	3,404
Penalty on past late payment of a borrowing	**–**	100,000
Others *(Note (a))*	**1,348,238**	1,483,713
Total expenses	**21,910,057**	23,807,365
Represented by:		
– Cost of sales and services provided	**19,654,507**	21,304,093
– Selling and distribution expenses	**619,837**	618,040
– Administrative expenses	**826,239**	980,759
– Research and development costs	**809,474**	904,473
	21,910,057	23,807,365

9 EXPENSES BY NATURE (CONTINUED)

Note:

(a) The "Other expenses" items were mainly transportation expenses, office expenses, electricity and advertising expenses.

10 FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**742,482**	880,214
Less: Interest capitalised at rates ranging from 3.6% to 4.05% (2023: 3.95% to 4.35%) per annum	**(5,041)**	(3,977)
	737,441	876,237
Interest on lease liabilities	**2,252**	904
Unwinding of discount on written put option liability	**258,000**	258,000
	997,693	1,135,141

11 INCOME TAX EXPENSES

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

	2024	2023
	RMB'000	*RMB'000*
Current tax – charge for the year		
– The PRC	**171,219**	233,101
– Hong Kong	**27,121**	1,821
– Australia	**609**	603
– The USA	**12,286**	20,303
– Others	**656**	2,232
Over provision in respect of prior years	**(3,443)**	(73,957)
Deferred tax	**(21,519)**	(173,514)
	186,929	10,589

11 INCOME TAX EXPENSES (CONTINUED)

(a) PRC Corporate Income Tax ("CIT")

PRC CIT has been provided at the rate of 25% (2023: 25%) on the taxable profits of the Group's PRC subsidiaries, except those listed below, for the year ended 31 December 2024.

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

Name of company	**Year end during which approval was obtained**
Nanjing High Speed Gear Manufacturing Co., Ltd. ("**Nanjing High Speed**")	31 December 2023
Nanjing High Speed & Accurate Gear (Group) Co., Ltd.	31 December 2023
Nanjing High Accurate Rail Transportation Equipment Co., Ltd.	31 December 2023
NGC (Baotou) Transmission Equipment Co., Ltd.	31 December 2024
NGC (Huai'an) High Speed Gear Manufacturing Co., Ltd. ("**NGC Huai'an**")	31 December 2024

(b) PRC 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.

(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% (2023: 8.25% to 30%) prevailing in the places in which these enterprises operated for the year ended 31 December 2024.

11 INCOME TAX EXPENSES (CONTINUED)

(d) Pillar Two Model Rules

The Group is within the scope of the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development. While the Pillar Two legislation, including the tax law that implements the global minimum tax and qualified domestic minimum top-up tax, is not yet enacted or substantially enacted in Hong Kong as of the reporting date, it is expected that the new regime will come into effect for the Group's financial year beginning on 1 January 2025. The Group is also operating in certain jurisdictions where the Pillar Two Model Rules is effective. The management of the Group estimated that the effective tax rates of these jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, and the management of the Group considers the Group is not liable to top-up tax under the Pillar Two Rules.

12 DIVIDENDS

The board has resolved not to declare a final dividend for the year ended 31 December 2024 (2023: nil).

13 LOSS PER SHARE

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

	2024	2023
Loss attributable to equity shareholders of the Company (in RMB'000)	**(6,013,900)**	(950,538)
Weighted average number of ordinary shares in issue	**636,763,934**	551,864,890
Basic and diluted loss per share (in RMB)	**(9.444)**	(1.722)

There were no potential dilutive ordinary shares for the year ended 31 December 2024 whereas the computation of diluted loss per share did not assume the exercise of the Company's outstanding options as the exercise price of those options was higher than the average market price for shares for the year ended 31 December 2023. For the year end 31 December 2023, in addition to the adjustment of 17,521,400 shares held for the Group's share award scheme disposed on 3 November 2023 and the 5,306,000,000 new shares allotted upon the completion of the shares subscription on 19 October 2023, the weighted average number of ordinary shares in issue was also adjusted on the assumption that the share consolidation of every 50 ordinary shares into 1 consolidated share, which was effective on 4 December 2023, had been effective since 1 January 2023.

14 TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
– Relevant Trading Business	**3,188,981**	3,320,104
– Businesses other than Relevant Trading Business	**6,821,633**	5,894,162
– Amounts due from joint ventures	**3,926**	2,896
Less: Loss allowance		
– Relevant Trading Business	**(3,188,981)**	(10,866)
– Businesses other than Relevant Trading Business	**(644,714)**	(681,594)
	6,180,845	8,524,702

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:

	2024	2023
	RMB'000	*RMB'000*
Within 90 days	**4,563,176**	6,878,649
91 to 180 days	**433,853**	888,032
181 to 365 days	**737,722**	356,960
Over 365 days	**446,094**	401,061
	6,180,845	8,524,702

The Group generally allows a credit period of 45 days to 180 days (2023: 90 days) to its trade customers and 180 days (2023: 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 31 December 2023, trade receivables with carrying amount of RMB398,794,000 were pledged as collateral for the Group's borrowings (Note 23).

15 PREPAYMENTS

	Note	2024 RMB'000	2023 RMB'000
Prepayments for trading purposes			
– Prepayments for Relevant Trading Business	*20*	**3,450,531**	1,229,364
– Prepayments for an engineering, procurement and construction project (the "**EPC project**")	*(a)*	**297,212**	303,566
– Other prepayments		**156,141**	495,634
Value-added tax recoverable		**2,900**	6,107
Deposit paid for acquisition of land lease		**–**	5,890
Prepayments for acquisition of property, plant and equipment		**41,659**	41,659
Less: Loss allowance			
– Prepayments for Relevant Trading Business		**(3,450,531)**	–
– Other prepayments		**(97,304)**	(97,944)
		400,608	1,984,276
Represented:			
– Current portion		**400,608**	1,978,386
– Non-current portion		**–**	5,890
		400,608	1,984,276

Note:

(a) A subsidiary of CHS acted as the main contractor of an EPC project since prior years and subcontracted the project work to several sub contractors. The management is in the process of investigating the costs incurred for and progress of the EPC Project with several subcontractors. Accordingly, no relevant project revenue and costs were recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2024.

16 TRADE AND BILLS PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables		
– Amounts due to third parties	**4,323,022**	3,674,795
– Amount due to an associate	**18**	18
Bills payables	**5,084,115**	3,950,352
	9,407,155	7,625,165

16 TRADE AND BILLS PAYABLES (CONTINUED)

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

	2024	2023
	RMB'000	*RMB'000*
Within 90 days	**6,241,240**	4,858,691
91 to 180 days	**2,404,886**	2,010,171
181 to 365 days	**666,988**	441,457
Over 365 days	**94,041**	314,846
	9,407,155	7,625,165

Amount due to an associate included in the trade and bills payables are repayable within 90 days (2023: 90 days), which represents credit terms similar to those offered by the associate to their major customers.

Trade payables are normally settled on terms of 90 to 180 days (2023: 90 to 180 days).

17 OTHER PAYABLES AND ACCRUALS

		2024	2023
	Note	***RMB'000***	*RMB'000*
Accruals		**843,649**	1,377,138
Amounts due to associates	*(i)*	**65,582**	17,636
Refundable deposit received	*(ii)*	**644,000**	644,000
Other tax payables		**99,763**	130,281
Other payables	*(iii)*	**923,869**	757,927
Payroll and welfare payables		**278,476**	274,996
Liability arising from financial guarantee contracts		**1,928**	2,672
Payables for purchase of property, plant and equipment		**556,678**	550,474
		3,413,945	3,755,124

Note:

(i) All of the amounts due to associates are non-trade nature, unsecured, interest-free and repayable on demand (2023: 180 days).

Note: (Continued)

(ii) On 17 January 2018, each of Five Seasons XVI Limited (a wholly-owned subsidiary of the Company) ("**Five Seasons XVI**") and Mr. Ji Changqun ("**Mr. Ji**") entered into a non-legally binding memorandum of understanding with an independent third party, Neoglory Prosperity Inc.(新光圓成股份有限公司), a PRC company listed on the Shenzhen Stock Exchange (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 ("**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 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.

On 18 August 2021, the Company received a copy of a notice of arbitration (the "**Notice of Arbitration**"), filed by the Potential Offeror as claimant, pursuant to which the Potential Offeror purports to commence arbitration (the "**Arbitration**") administered by the Hong Kong International Arbitration Centre against the Company and Five Seasons XVI. In the Notice of Arbitration, the Potential Offeror seeks refund of the Earnest Money to it.

On 24 December 2021, parties including the Company, Five Seasons XVI and Potential Offeror entered into a settlement agreement (the "**Settlement Agreement**") in relation to settlement of the Earnest Money. Pursuant to the Settlement Agreement, the parties agree that, subject to certain conditions, they will not commence arbitration or other legal proceedings against each other. In particular, the Potential Offeror, the Company and Five Seasons XVI shall terminate the pending Arbitration within three working days after the Settlement Agreement becomes effective. Also, the Earnest Money Agreements will be terminated on the effective date of the Settlement Agreement and upon satisfaction of certain conditions.

During the year ended 31 December 2022, the conditions as stated in the Settlement Agreement have been fulfilled and the Arbitration has been terminated. In addition, RMB356,000,000 had been repaid by cash and other settlement arrangement up to 31 December 2022.

17 OTHER PAYABLES AND ACCRUALS (CONTINUED)

Note: (Continued)

(ii) (Continued)

During the years ended 31 December 2023 and 2024, no repayment was made by the Group. Up to the date of this consolidated financial information, the Group is still negotiating with the Potential Offeror for the subsequent settlement on the remaining outstanding Earnest Money according to the conditions as stated in the Settlement Agreement. Management considers that the repayments of the remaining outstanding Earnest Money 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.

(iii) In June 2019, the Group and an independent third party, Jiangsu Anke Technology Development Co., Limited ("**Jiangsu Anke**") entered into a framework asset transfer agreement ("**Asset Transfer Agreement**") to dispose of certain investment properties and received the partial consideration of RMB200,000,000 ("**Asset Consideration**"). Pursuant to the Asset Transfer Agreement, if the transfer of the assets was not completed within a specified period, the Group shall refund the Asset Consideration as well as bear the respective penalty. The transfer had not been completed and the Group failed to refund the full amount of the Asset Consideration to Jiangsu Anke.

In 2020, Jiangsu Anke took legal action to the court in the PRC and per the court judgement in 2022, the Group had to refund the Asset Consideration, penalty and overdue interests to Jiangsu Anke based on the term of Asset Transfer Agreement. During the year ended 31 December 2022, Jiangsu Anke applied the court order to freeze certain bank accounts and investment properties. During the year ended 31 December 2023, a settlement agreement was entered into with Jiangsu Anke. However, the Group failed to meet the repayment schedule of the settlement agreement. On 5 January 2024, Jiangsu Anke reapplied the execution of court order.

As at 31 December 2024, certain bank accounts with accumulated balances of RMB10,526,000 (2023: RMB6,554,000) and the legal title of certain of investment properties with carrying value of RMB2,405,125,000 (2023: N/A) were frozen by the court order in the PRC.

Up to the date of this consolidated financial information, the Group is still liaising with Jiangsu Anke to extend the repayment period. Management considers that the Asset Consideration, together with the respective default interest payable and past late penalty payable with carrying value of RMB309,467,000 (2023: RMB297,889,000) recognised in other payables as at 31 December 2024 could be repaid through internal funding or sale of certain non-major assets and will not have significant impact to the Group's operations.

18 BANK AND OTHER BORROWINGS

	2024		2023	
	Current	**Non-current**	Current	Non-current
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Secured				
– Bank loans	**1,432,460**	**3,303,093**	739,000	3,651,100
– Loans from other financial institutions	**267,800**	**–**	2,457,236	46,500
– Loans from other third parties	**–**	**–**	150,010	–
Total secured borrowings	**1,700,260**	**3,303,093**	3,346,246	3,697,600
Unsecured				
– Bank loans	**3,468,569**	**1,848,892**	4,501,000	1,052,032
– Loans from a shareholder	**994,810**	**–**	1,426,939	–
– Loan from a joint venture	**196,106**	**–**	190,231	–
– Loans from other financial institutions	**–**	**–**	50,000	–
– Loans from other third parties	**105**	**250,000**	188,580	27,586
Total unsecured borrowings	**4,659,590**	**2,098,892**	6,356,750	1,079,618
	6,359,850	**5,401,985**	9,702,996	4,777,218

Bank and other borrowings carry interests ranging from 0% to 15% (2023: 0% to 15%) per annum. As at 31 December 2024, loans from a shareholder of RMB994,810,000 (2023: RMB1,426,939,000) are interest-free and loan from a joint venture of RMB196,106,000 (2023: RMB190,231,000) carried an effective interest rate at 8% (2023: 8%) per annum.

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

	2024	2023
	RMB'000	*RMB'000*
RMB	**11,010,298**	13,721,973
US$	**521,431**	506,517
HK$	**6,579**	6,347
AUD	**223,527**	245,377
	11,761,835	14,480,214

18 BANK AND OTHER BORROWINGS (CONTINUED)

Bank and other borrowings are repayable as follows:

	2024	2023
	RMB'000	*RMB'000*
Within one year or on demand	**6,359,850**	9,702,996
Between one and two years	**2,437,237**	2,077,535
Between two and five years	**2,326,768**	1,479,027
Over five years	**637,980**	1,220,656
	11,761,835	14,480,214

Notes:

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

(i) All of the equity interests in NGC Huai'an, a subsidiary of the Group.

(ii) 30,400,000 ordinary shares of the Company held by a company controlled by Mr. Ji.

(iii) The Group's assets as disclosed in Note 23.

In addition to these, all of the Group's equity interest in Nanjing Fullshare Dazu Technology Co., Ltd ("**Fullshare Dazu**") and certain equity interests in Tianjin Heheng Investment Development Co., Ltd.(天津合恒投資發展有限公司)were pledged as at 31 December 2023. The corresponding loans were derecognised upon disposal of a subsidiary during the year ended 31 December 2024.

In addition, bank and other borrowings of RMB663,247,000 (2023: RMB807,716,000) were guaranteed by Mr. Ji. Bank and other borrowings of nil (2023: RMB1,612,600,000) 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. ("**Huarong**") 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 rights in relation to the loan were subsequently transferred to China CITIC Financial Asset Management Co., Ltd. ("**CITIC**") (formerly known as China Huarong Asset Management Co., Ltd.) by Huarong. 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.

18 BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (Continued)

(b) (Continued)

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 year ended 31 December 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.

During the year ended 31 December 2024, a default interest of RMB134,002,000 (2023: RMB115,970,000) was recognised in profit or loss. In September 2024, the loan and the Pledged Properties were derecognised upon disposal of a subsidiary. Details of the disposal are set out in Note 19.

(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.

On 26 April 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. During the year ended 31 December 2023, the Group repaid RMB17,500,000 over the principal and defaulted in repayment of the remaining balance.

In September 2024, the loan, the pledged investment property and certain Secured Shares were derecognised upon disposal of a subsidiary. Details of the disposal are set out in Note 19. As at 31 December 2024, the pledge of the Group's remaining Secured Shares had not been released.

(d) During the year ended 31 December 2024, certain of the borrowings (including the aforesaid loans set out in Notes (b) and (c)) with principal amounting to RMB1,048,153,000 (2023: RMB2,206,636,000) were overdue and defaulted, and overdue interest of RMB177,001,186 (2023: RMB140,827,000) was recognised in other payables and accruals. 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 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.

(e) Saved as disclosed above, the Group complied with the covenant as set out for its non-current loans during the year ended 31 December 2024. Accordingly, these loans are classified as non-current liability as at 31 December 2024. The Group expects to comply with these covenants for at least 12 months after the reporting date.

19 DISPOSAL OF A SUBSIDIARY

In August 2024, the Group entered into an agreement with an independent third party to dispose of its 100% equity interests in Nanjing Fengsheng Kanglv Co., Ltd. ("**Fengsheng KL**") at a total consideration of RMB950,000,000. The disposal was completed in September 2024. After the completion of the disposal, Fengsheng KL and its non-wholly owned subsidiaries (including Fullshare Dazu) ceased to be the subsidiaries of the Group, but the Group continues to hold 26.67% equity interests in Fullshare Dazu, and is still able to exercise significant influence in Fullshare Dazu. Therefore, Fullshare Dazu becomes an associate of the Group since then. Details of the disposal were set out in the Company's announcement dated 9 August 2024 and the Company's circular dated 30 August 2024.

The assets and liabilities of Fengsheng KL at the date of disposal and the resulting loss on disposal recognised were as follows:

	RMB'000
Net assets disposed of comprised:	
– Investments in joint ventures	131,707
– Investments in associates	19,798
– Property, plant and equipment	681,462
– Investment properties	1,657,043
– Deferred tax assets	229,754
– Financial assets at FVOCI	215,800
– Trade receivables	24,901
– Other receivables	1,352,749
– Loan receivables	113,107
– Prepayments	22,112
– Income tax prepaid	2,109
– Properties under development	530,573
– Properties held for sale	49,000
– Cash and cash equivalents	4,073
– Trade and bills payables	(205,094)
– Other payables and accruals	(998,009)
– Contract liabilities	(3,879)
– Income tax payable	(435,235)
– Bank and other borrowings	(2,125,869)
– Deferred tax liabilities	(235,622)
Net assets disposed of	1,030,480
Non-controlling interests	107,172
Fair value of retained equity interests classified as investment in an associate	(177,676)
Total consideration	(950,000)
Loss on disposal of a subsidiary	9,976

20 IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND PREPAYMENTS IN TRADING BUSINESS INCLUDED IN NEW ENERGY SEGMENT

Three subsidiaries of CHS ("**Relevant Subsidiaries**") carried out transactions in trading business included in new energy segment (see Notes 4 and 5) mainly with 13 customers (the "**Customers**") and 3 suppliers (the "**Suppliers**"). The Group's trade receivables and prepayments relating to this trading business recorded in the consolidated financial information as of 31 December 2023 and 2024 was set out in Notes 14 and 15 respectively.

Under the Relevant Trading Business, the Relevant Subsidiaries entered into procurement and cooperation agreements (the "**Procurement and Cooperation Agreements**") and/or a number of purchase agreements (collectively referred to as the "**Purchase Agreements**") with the Suppliers in prior years.

As stipulated in the Procurement and Cooperation Agreements and the Purchase Agreements, the Relevant Subsidiaries were required to pay a lump sum payment (the "**Upfront Payments**") and the contract sum for the respective purchase transactions (the "**Purchase Prepayments**"), respectively, before the Relevant Subsidiaries purchased goods from the Suppliers. Upon expiry of the Procurement and Cooperation Agreements, the Relevant Subsidiaries had the right to set-off such lump sum payment against the trade payables arising from designated purchases from the Suppliers. The Upfront Payments are interest-bearing at 8% per annum from the date the Upfront Payment are placed, and until the goods are delivered from the Suppliers. As at 31 December 2023, the Upfront Payments and the Purchase Prepayments of RMB1,229,364,000, in aggregate, were recorded as the above-mentioned prepayments.

The Procurement and Cooperation Agreements were expired on 31 December 2023. During the year ended 31 December 2024, the Relevant Subsidiaries continued to have transactions with the Suppliers including payments to and receipts from the Suppliers of RMB4,485,432,000 and RMB1,609,796,000, in aggregate, respectively, and purchases of goods of RMB654,469,000. A net balance of RMB2,221,167,000 resulting from these transactions, together with the carried forward balance of RMB1,229,364,000 as disclosed above, contributed the prepayment balance of RMB3,450,531,000 recorded in the Group's consolidated statement of financial position as at 31 December 2024.

With the assistance of the legal counsel, the Group has initiated recovery actions over the outstanding trade receivables and prepayments balances relating to the trading business in 2024. However, during the course of the recovery actions, management noted that the Customers and the Suppliers either could not be reached or advised that the amounts owe to the Group had already been settled.

As detailed in the Company's announcements dated 24 November 2024, 6 February 2025 and 2 March 2025 and CHS's announcement dated 16 March 2025, an independent investigation (the "**Independent Investigation**") is being conducted on matters relating to certain sales and purchase agreements of the Relevant Subsidiaries' trading business, and the corresponding outstanding trade receivables and prepayments, and the Nanjing Public Security Bureau, Jiangning Branch has also initiated a formal investigation (the "**Criminal Investigation**") into a criminal case involving suspected embezzlement and misappropriation of Relevant Subsidiaries' funds and assets.

Up to the approval date of this consolidated financial information, the Independent Investigation and the Criminal Investigation were still in progress.

20 IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND PREPAYMENTS IN TRADING BUSINESS INCLUDED IN NEW ENERGY SEGMENT (CONTINUED)

In view of these circumstances, management of CHS considered that the recoverability over the outstanding trade receivables and prepayments of RMB3,178,115,000 and RMB3,450,531,000, respectively are in doubt. For the sake of prudence, these trade receivables and prepayments were fully impaired as at 31 December 2024. Accordingly, an impairment loss of RMB6,628,646,000 has been recognised in the line item "Impairment losses on trade receivables and prepayments in relation to trading business included in new energy segment" in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

21 CONTINGENT LIABILITIES

As at 31 December 2024, contingent liabilities not provided for in the consolidated financial information were as follows:

(i) As at 31 December 2024, the Group provided financial guarantees to three associates (2023: one associate) and one independent third party (2023: three independent third parties) in favour of bank and other borrowing of RMB1,535,593,000 (including the guarantees as mentioned in Note (iii) below) (2023: RMB24,022,000) and RMB579,000,000 (2023: RMB1,139,800,000), 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 31 December 2024, RMB1,928,000 (2023: RMB2,672,000) has been recognised in the consolidated financial information as liabilities for the financial guarantees.

Apart from this, as at 31 December 2023, the legal title of certain investment properties provided as a financial guarantee to an entity (the "**Warrantee**") with carrying value of RMB139,179,000 were frozen by the PRC's court order. 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, after seeking legal advice, 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 31 December 2023.

21 CONTINGENT LIABILITIES (CONTINUED)

(ii) On 30 August 2019, a sale and purchase agreement is entered into between an independent third party (the "**Purchaser**") and the general partner of Fullshare Value Fund I (A) L.P. (the "**Vendor**"), a joint venture of the Group, 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 approximately SGD169,822,000 (equivalent to approximately RMB909,607,000 (2023: SGD169,822,000 (equivalent to approximately RMB911,090,000) (the "**Guarantee money**") as at 31 December 2024. 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.

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 31 December 2024 and 2023.

(iii) The Group has provided guarantees in favour of China Great Wall Assets Management Company Tianjin Office ("**Great Wall Assets**") and CITIC (the "**Existing Guarantees**"), and a subsidiary of the Company has charged certain investment properties in favour of Great Wall Assets, each as security for certain debts (the "**Debts**") owed by the Fullshare Dazu and its subsidiary ("**Fullshare Dazu Group**") to the said financial institutions in an aggregate principal sum of approximately RMB987,900,000 with interest rates ranged from 7.8% to 24% (the "**Guaranteed Obligations**").

At the date of the completion for the disposal of Fengsheng KL, such guarantees and asset pledge has not been released. To secure and indemnify the Company's obligations under the Guaranteed Obligations, on the date of the equity transfer agreement to dispose of Fensheng KL in August 2024, (i) the purchaser executed an equity interest pledge agreement with the Company and Fengsheng KL, pursuant to which, the purchaser shall pledge 80% of the equity interest of Fengsheng KL in favour of the Company; and (ii) the purchaser and Fengsheng KL executed a counter-guarantee agreement in favour of the Company to provide a counter-guarantee.

As at 31 December 2024, the total amount due from Fullshare Dazu Group to Great Wall Asset and CITIC was approximately RMB1,527,565,000. Having considered that (i) the purchaser has executed the equity interest pledge agreement and a counter-guarantee agreement to mitigate the credit risk of the Company under the Existing Guarantees as mentioned above; (ii) the value of charged assets of Fullshare Dazu Group are expected to be sufficient to cover the repayment risk of the Debts; and (iii) the strong net asset position of Fullshare Dazu indicating its ability to repay the Debts, in the opinion of the directors, 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 31 December 2024.

Up to the date of this consolidated financial information, the purchaser has yet provided replacement for the release of the Existing Guarantees. Accordingly, the Group's Guaranteed Obligations remains in force.

22 CAPITAL COMMITMENTS

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

	2024	2023
	RMB'000	*RMB'000*
Contracted, but not provided for:		
– Property, plant and equipment	**633,141**	1,853,478
– Capital contributions to associates	**–**	133,000
– Capital contributions to joint ventures	**–**	50,000
	633,141	2,036,478

23 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, independent third parties, an associate and connected persons as follows:

		2024	2023
	Note	***RMB'000***	*RMB'000*
Property, plant and equipment		**3,828,475**	3,948,536
Investment properties		**2,773,560**	4,502,440
Investment in an associate		**152,107**	–
Right-of-use assets		**497,957**	342,352
Trade receivables	*14*	**–**	398,794
Financial assets at FVOCI		**321,759**	549,354
Properties under development		**–**	536,311
Properties held for sale		**–**	49,339
Pledged bank deposits		**2,810,765**	3,562,398
		10,384,623	13,889,524

BUSINESS REVIEW

The revenue of the Group for the Year 2024, was derived from property, tourism, investment and financial services, healthcare and education and new energy businesses.

(1) Property business

The real estate industry in the People's Republic of China (the "**PRC**") had entered a stage of adjustment in recent years followed by cyclical impact, such as slowing income growth during the COVID-19 pandemic and diminishing returns on investments, etc. In view of the challenging business environment of the real estate sector in the PRC and the worsened financial position of the Group, the Group has been exploring different options to reduce its gearing and improve its liquidity and financial position. To this end, the Group divested part of its property portfolio by the disposal of a wholly owned subsidiary, Nanjing Fengsheng Kanglv Co., Ltd.*（南京豐盛康旅有限公司）("**Fengsheng KL**") which held 73.33% of Nanjing Fullshare Dazu Technology Co., Ltd.*（南京豐盛大族科技股份有限公司）("**Fullshare Dazu**"), one of the then principal subsidiaries engaged in the business of property development and investment in the PRC, during the Year 2024. After the disposal, the Group's properties portfolio was reduced. The Group will continue to engage in the remaining investment properties project and utilise its resources and experience to explore asset-light property businesses, such as provision of services for commercial property management and property development.

(a) Property sales

During the Year 2024, the Group had an insignificant contracted sales. The small contracted sales volume was mainly because most of the old projects have been disposed of in previous years and the real estate market in the PRC has been relatively sluggish recently.

After the disposal of Fengsheng KL, as at 31 December 2024, no property project was held by the Group for sales.

(b) Property investment

(i) Investment properties held by the Group

As at 31 December 2024, after the disposal of Fengsheng KL, the remaining investment properties of the Group included Wonder City*（虹悅城）, Liuhe Happy Plaza Project *（六合歡樂廣場項目）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%
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 and carparks	Medium-term covenant	18,529#	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%
				125,606	

GFA of carparks is not included

(ii) Investment properties leased by the Group

A commercial complex, located at No. 109 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC, (“**Yuhua Salon 109**”), the previous Group’s investment property, has been leased to the Group by Fullshare Dazu for a lease term from July 2023 to June 2027 (“**Yuhua Salon Lease**”). Upon the disposal of the Fengsheng KL, the Group and the purchaser agreed to continue the lease arrangement under the Yuhua Salon Lease. Accordingly, the Group continue to manage the operation of Yuhua Salon 109.

(2) Tourism business

During the Year 2024, the Group 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, and the Sheraton project in Australia. In addition, the Group also manages the Five Seasons Hotel project in Nanjing, the PRC.

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. During the Year 2024, the average room price was approximately AUD443.04, with an occupancy rate of approximately 58.41%.

Nanjing Five Seasons Hotel, the Group's previous hotel property asset, has been leased to the Group by Fullshare Dazu for a lease term from 1 March 2024 to 28 February 2031 ("**Five Seasons Hotel Lease**"). Upon the disposal of Fengsheng KL, the Group and the purchaser agreed to continue the existing lease arrangement under the Five Seasons Hotel Lease. Accordingly, the Group continue to manage the operation of the Nanjing Five Seasons Hotel. Nanjing Five Seasons Hotel is located in the Software Valley, Nanjing, Jiangsu Province, the PRC with a land lot site area of approximately 30,416.26 sq.m. and a total GFA of approximately 81,379.8 sq.m. During the Year 2024, the hotel's Building 9 (Dongshu Lou), Building 6 (Nansheng Lou) floors and Building 8 (Beiji Lou) have been put into full operation, while Building 7 (Qinyangzhai) is not fully open yet. The project currently has a total of 272 guest rooms, 3 restaurants and 2 banquet halls. During the Year 2024, the average room price was approximately RMB676.62 (excluding tax) with an occupancy rate of approximately 83.07%.

(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 Year 2024, this segment recorded a loss of approximately RMB532,640,000 (2023: RMB217,498,000). The increase in loss was mainly because in view of delayed repayments and continuous worsening financial status of certain borrowers or debtors, credit risks of certain financial assets increased since initial recognition. Accordingly, more impairment losses were recognised.

(a) Listed equity investments held for trading

The portfolio of listed equity investments of the Group held for trading as at 31 December 2024 and 31 December 2023 is set out as below:

	As at 31 December 2024 ***RMB'000***	As at 31 December 2023 *RMB'000*
Hong Kong listed equities securities	**26,973**	27,236
Singapore listed equities securities	**635**	753
United States listed equities securities	**19,503**	–
	47,111	27,989

Notes:

(a) These companies are listed companies on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), the Singapore Exchange, and the NASDAQ Stock Market. All of the shares held by the Group are ordinary shares of the relevant company.

(b) During the Year 2024, an unlisted equity investment of the Group returned certain capital invested by the Group by way of distribution in specie of ordinary shares of an entity listed in the United States with a market value of RMB50,643,000 at the date of distribution. The Group subsequently disposed of certain shares in the open market.

(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 31 December 2024 and 31 December 2023 are set out as below:

As at 31 December 2024

Name of investee	**Cost of investment**	**Carrying amount**	**Unrealised holding gain/(loss) arising on revaluation for the year**	**Realised gain/(loss) arising from the disposal for the year**	**Dividend received/ receivable for the year**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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	1,269,000	30,000	–	–
Jiangsu Minying Investment Holding Limited*("**Jiangsu Investment**") (江蘇民營投資控股有限公司) *(Note 1)*	–	–	–	(51,496)	–
		1,269,000	30,000	(51,496)	–

Note:

1. Zheshang Fund and Jiangsu Investment are primarily engaged in, among other things, equity and debt investment, investment management and investment consultation. During the Year 2024, Jiangsu Investment was derecognised upon disposal of Fengsheng KL.

As at 31 December 2023

Name of investee	Cost of investment *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*
Zheshang Fund	2,000,000	1,239,000	(302,019)	–	–
Jiangsu Investment	400,000	254,896	(74,169)	–	14,000
		1,493,896	(376,188)	–	14,000

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 stabilizing its long term investment strategies.

As at 31 December 2024 and 2023, 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 Year 2024, the Group continued to identify appropriate investment opportunities to inject new impetus for the sustainable development of healthcare, education and other businesses. Recently, there was no significant investment or business development for healthcare and education business and others except that the Group carried out some commodities trading (mainly agricultural products) in the Year 2023 and Year 2024. The revenue of healthcare and education segment was approximately RMB487,458,000 (2023: RMB151,444,000).

(5) New Energy segment

a) Wind gear transmission equipment

As a leading enterprise of wind power gear transmission equipment in the PRC, leveraging on its outstanding research, design and development capabilities, our product technology has reached an internationally advanced level, making the Group a leader in the offshore large-megawatt wind power gear transmission equipment product and technology. The wind gear transmission equipment products of the Group are widely applied in both onshore and offshore wind power, and breakthroughs have been made in the offshore wind power business, with large megawatt offshore wind power gear transmission equipment products of 13.6MW-20MW being delivered to customers in bulk. The Group is fully aware that in the face of the increasingly fierce competition in the industry, adhering to a long-term perspective is a wise and stable strategic choice, and only through continuous innovation and research and development can we remain competitive in the future. To this end, relying on the StanGear (sliding bearing) and NGCWinGear (rolling bearing) product platforms and core technology platforms, we have rapidly iterated and optimised product design and have pursued closely core technologies such as computational analysis technology, intelligent manufacturing technology, material heat control technology, and experiment and testing technology, laying a solid technical foundation to cope with the development trend of large-scale, integrated and lightweight wind turbines. At the same time, keeping up with the new trend of market development, the Group has actively developed onshore and offshore large-megawatt wind power gear transmission equipment with integrated transmission chain, deeply integrated digital technology, built GearSight IoT cloud platform for gearbox health monitoring and diagnosis, and created a remote diagnosis center, realising efficient management of the entire life cycle of wind power gear transmission equipment products.

Up to now, the Group has maintained a strong customer portfolio. The customers of our wind gear transmission equipment products include major wind turbine manufacturers in the PRC, as well as internationally renowned wind turbine manufacturers such as GE Renewable Energy, Siemens Energy Wind Power, Suzlon, Nordex, Adani, etc. Global market layout will facilitate diversification of operational risks. The Group also seeks to have closer communication, cooperation and development with existing and potential overseas customers through its subsidiaries in the United States, Canada, Germany, Singapore and India.

b) Industrial gear transmission equipment

The Group's industrial gear transmission equipment products are widely used by 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 industrial gear transmission equipment. With a focus on energy conservation, environmental protection and low carbon emission, 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. 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, such as the CRRC and the Alstom. The Group has obtained ISO/TS 22163 Certificate for the Quality Management System of International Railway Industry and CRCC Certification for Railway Products for its rail transportation gear transmission equipment products, and has obtained "Silver" Certificate for IRIS System for three consecutive years, 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, as well as in numerous countries and regions worldwide, such as Singapore, India, Netherlands, France, Australia, Brazil, Argentina, Canada, Mexico, South Africa, Tunis and Egypt. With optimised gearbox design technology, excellent sealing technology and effective control of the production process, the Group's rail transportation gear transmission equipment products are more environmentally friendly, and the products are well received by users.

MATERIAL RISK WARNING

At the end of September 2024, the Articles of Association of Nanjing High Speed were changed, as the result of which the Company has lost its definite control over the board of Nanjing High Speed. Nanjing High Speed, principally engaged in the manufacture and sales of wind and industrial gear transmission equipment, is the key subsidiary of the Group, which generated sales revenue of approximately RMB17,266,181,000 for the Year 2024, amounting to over 75% of the total revenue of CHS and around 75% of the total revenue of the Company.

The Company understands that Nanjing Gear Management has entered into an acting in concert agreement with Jinhu LP, pursuant to which, Jinhu LP would procure the respective directors nominated by it to vote in the same manner as those nominated by Nanjing Gear Management in the board meetings of Nanjing High Speed. Nevertheless, the acting in concert agreement contains several protective termination clauses under which Jinhu LP has the right to terminate it, which will result Nanjing High Speed no longer to be a subsidiary of the Company and the results of Nanjing High Speed no longer to be consolidated to the Company's consolidated financial statements.

However, as of the date of this announcement, the Company has not been provided any explanation from CHS. Therefore, the Company would like to draw highest attention to the risk that Nanjing High Speed will cease to be a subsidiary of the Company at any time. For details, please refer to the announcements of the Company dated 7 March 2025 and 13 March 2025.

The Company has requested CHS to convene the general meeting to remove the relevant responsible persons, namely Mr. Hu Jichun and Mr. Hu Yueming. Specifically, please refer to the description of the subsequent events in this announcement.

PROSPECT

In 2025, there are still uncertainties in the overall economic environment of the market. The Group will continue to maintain the stable development of each segment while paying attention to the market, especially major domestic high-quality healthcare projects, and invest with a cautious attitude in order to achieve a considerable comprehensive return. The Group will pay attention to and exit some low-return projects to improve the Group's business portfolio structure and cash flow. 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 to maintain 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.

FINANCIAL REVIEW

Revenue

The revenue of the Group decreased by approximately RMB1,697,900,000 or 8%, from approximately RMB24,845,816,000 for the Year 2023 to approximately RMB23,147,916,000 for the Year 2024. The revenue and the changes for the Year 2024 and Year 2023 derived from different segments are listed as below:

Segment	**Year 2024**	Year 2023	**Changes**	
	RMB'000	*RMB'000*	***RMB'000***	**percentage**
Properties	**242,025**	254,155	**(12,130)**	**(5)%**
Tourism	**339,795**	360,389	**(20,594)**	**(6)%**
Investment and financial services	**3,168**	2,680	**488**	**18%**
Healthcare, education and others	**487,458**	151,444	**336,014**	**222%**
New Energy	**22,075,470**	24,077,148	**(2,001,678)**	**(8)%**
Total Revenue	**23,147,916**	24,845,816	**(1,697,900)**	**(7)%**

The decrease of the revenue of the Group mainly derived from new energy segment which contributed the largest decrement to the revenue of Group amounting to approximately RMB2,001,678,000. It was mainly due to the decrease in deliveries of trading business in bulk commodity and steel industry chain.

The revenue from tourism segment decreased by approximately RMB20,594,000. It is because the continuous bad weather in Queensland caused multiples landslides which resulted in some roads were blocked. Some tourists changed their travel plans. As a result, the revenue decreased in the Year 2024.

The revenue from properties segment decreased by approximately RMB12,130,000, which was mainly because less rental income was generated in the Year 2024.

The revenue from healthcare, education and others segment increased by approximately RMB336,014,000 mainly because more commodities trading (mainly agricultural products) were carried out in the Year 2024.

Cost of sales and services

The cost of sales and services of the Group decreased by approximately RMB1,649,586,000, or 8%, from approximately RMB21,304,093,000 for the Year 2023 to approximately RMB19,654,507,000 for the Year 2024. The cost and the changes for the Year 2024 and Year 2023 derived from different segments are listed as below:

Segment	Year 2024	Year 2023	Changes	
	RMB'000	*RMB'000*	*RMB'000*	percentage
Properties	**81,087**	162,321	**(81,234)**	**(50%)**
Tourism	**290,614**	298,155	**(7,541)**	**(3%)**
Investment and financial services	**135**	153	**(18)**	**(12%)**
Healthcare, education and others	**481,838**	147,098	**334,740**	**228%**
New energy	**18,800,833**	20,696,366	**(1,895,533)**	**(9%)**
Total cost	**19,654,507**	21,304,093	**(1,649,586)**	**(8)%**

Gross profit and gross profit margin

The gross profit of the Group decreased by approximately RMB48,314,000, or 1%, from approximately RMB3,541,723,000 in the Year 2023 to approximately RMB3,493,409,000 for the Year 2024. The gross profit margin increased from approximately 14% in the Year 2023 to 15% for the Year 2024. The gross profit of the Group was mainly derived from new energy segment. The gross profit and gross profit margin for the Year 2024 derived from new energy segment was approximately RMB3,274,637,000 and 15% (Year 2023: RMB3,380,782,000 and 14%) respectively. The decrease in gross profit of new energy segment was mainly due to the decreased in gross profit margin of wind gear transmission equipment resulting from the decreased sales prices and increased unit costs. The increase in gross profit margin of new energy segment was primarily the result of the decrease in the proportion of trading business which has a lower gross profit margin.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately RMB1,797,000, or 0.3%, from approximately RMB618,040,000 in the Year 2023 to approximately RMB619,837,000 for the Year 2024. The selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses, staff costs and business expenses. The increase in selling and distribution expenses in the Year 2024 was mainly due to the increase in product packaging expenses and transportation expenses incurred by the new energy segment.

Administrative expenses

Administrative expenses of the Group decreased by approximately RMB154,520,000, or 16%, from approximately RMB980,759,000 in the Year 2023 to approximately RMB826,239,000 for the Year 2024. The administrative expenses for the Year 2024 mainly included salaries and staff welfare, depreciation and amortisation of tangible and intangible assets. The significant decrease in the administrative expenses during the Year 2024 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 Year 2023. No such provision was made in the Year 2024.

Research and development costs

Research and development costs of the Group decreased by approximately RMB94,999,000, or 11%, from approximately RMB904,473,000 in the Year 2023 to approximately RMB809,474,000 for the Year 2024. The decreased in research and development costs mainly due to decrease in efforts put on research and development of new products in new energy segment.

Net provision for impairment losses recognised on financial assets

A net impairment loss on the financial assets of the Group in the Year 2024 decreased by approximately RMB115,130,000 or 17%, from approximately RMB684,970,000 for the Year 2023 to approximately RMB569,840,000 for the Year 2024. The impairment losses on trade, loans and other receivables recognised during the Year 2024 kept significant because the financial condition of certain borrowers exhibited a trend/sign of deterioration, which resulted in default in repayments in these receivables as at the end of the reporting period.

Impairment losses on trade receivables and prepayments in relation to trading business that is included in new energy segment

CHS, a non-wholly owned subsidiary of the Company whose shares are listed on the Main Board of the Stock Exchange, carried out trading business and gear transmission equipment business. During the Year 2024, the board of directors of CHS identified some significant findings in relation to the trading business which may involve suspected embezzlement and misappropriation of the certain of CHS's subsidiaries' assets and took legal and other actions. Details of the findings and actions are set out in note 20 to the consolidated financial information attached to this announcement.

Based on the consequences of the recovery actions, management of CHS considered that the recoverability over the outstanding trade receivables and prepayments in relation to trading business of RMB6,628,646,000 in total are in doubt, and for prudence sake, a full impairment of RMB6,628,646,000 was recognised in the Year 2024.

Other income

Other income increased by approximately RMB86,074,000, or 21%, from approximately RMB410,329,000 in the Year 2023 to approximately RMB 496,403,000 for the Year 2024. Other income for the Year 2024 mainly included bank and other interest income of approximately RMB125,471,000, government grants of approximately RMB195,031,000 and sales of scraps and materials of approximately RMB97,944,000. Other income in the Year 2023 mainly included bank and other interest income of approximately RMB151,301,000, government grants of approximately RMB93,750,000 and sales of scraps and material of approximately RMB89,293,000.

Net fair value changes in financial instruments

The Group maintains its investment segment through processing and investing in various investment and financial products for potential or strategic use purposed. The Group recorded a loss on change in fair value of financial instruments of approximately RMB62,000,000 and RMB67,122,000 in the Year 2024 and Year 2023 respectively. The fair value change mainly reflected the stock market volatility and change in the expectations on the financial status of investees.

Other losses – net

During the Year 2024, other gains mainly included net exchange gains of approximately RMB164,157,000. However, the other gains was offset by other losses which mainly included fair values losses of investment properties of approximately RMB444,344,000 and impairment losses on property, plant and equipment of approximately RMB228,184,000. The decrease in the fair value of investment properties was in line with the worsening of the PRC property market while the impairment mainly related to a hotel operated in the PRC. In view of the negative impact brought by the economic downturn in the PRC, the management considered that the operating income generated from the hotel may not meet the expectation at the initial investment plan and there may be an indicator of impairment. Therefore, the management reassessed the recoverable amount of the hotel during the Year 2024, and found that it was lower than its carrying value. Accordingly, impairment loss was recognised.

During the Year 2023, other gains mainly included net exchange gains of approximately RMB125,777,000. However, the other gains was offset by other losses which mainly included waiver of interest on loans receivables of approximately RMB38,866,000 and fair value losses of investment properties of approximately RMB71,475,000.

Finance costs

Finance costs of the Group decreased by approximately RMB137,448,000, or 12%, from approximately RMB1,135,141,000 in the Year 2023 to approximately RMB997,693,000 for the Year 2024, which was mainly due to less average borrowing amount of the Group for the Year 2024 than in the Year 2023, and decrease in provision for default interests made for the failure to repay loans on due date and decrease in interest rate.

Share of result of joint ventures and associates

The Group's share of losses from its joint ventures and associates amounted to approximately RMB67,191,000 as compared with share of profit of approximately RMB3,250,000 in the Year 2023 It is mainly due to the recognition of a loss on resumption of idle land held by an investee by the government and share the loss of Fullshare Dazu during the Year 2024.

Income tax expense/credit

For the Year 2024, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB208,448,000 and RMB21,519,000 respectively, and in the Year 2023, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB184,103,000 and RMB173,514,000 respectively.

The decrease in current tax expense in the Year 2024 was mainly because there was over provision for taxation in prior years. The decrease in deferred tax credit in the Year 2024 was mainly because the derecognition of the deferred tax asset upon debt assignments by Fullshare Dazu, which offset partly the impact derived from the decrease in fair value of investment properties and recognition of impairment losses on certain receivables.

Loss for the Year 2024

In the Year 2024, the Group recorded a significant loss after tax of approximately RMB7,325,350,000 (Year 2023: RMB455,449,000). The loss made in the Year 2024 was mainly because of the significant impairment losses recognised on trade receivables and prepayments in relation to trading business that is included in new energy segment, net provision for impairment losses recognised on financial assets, the impairment losses recognised for certain property, plant and equipment and decrease in fair value of investment properties.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

For the Year 2024, the Group financed its operations and investments mainly by internally generated funds and debt financing.

Cash position

As at 31 December 2024, the Group had cash and cash equivalents (excluding the restricted cash) of approximately RMB3,965,148,000 (31 December 2023: RMB5,693,844,000), representing an decrease by approximately RMB1,728,696,000 or 30% as compared to 31 December 2023. The Group's cash and cash equivalents remain stable. The Group regularly and closely monitors its funding and treasury position to meet the funding requirements of the Group.

Bank and other borrowings and corporate bonds

As at 31 December 2024, the debt profile of the Group was analysed as follows:

	As at 31 December 2024 RMB'000	As at 31 December 2023 *RMB'000*
Bank and other borrowings repayable:		
Within one year or on demand	**6,359,850**	9,702,996
Between one and two years	**2,437,237**	2,077,535
Between two to five years	**2,326,768**	1,479,027
Over five years	**637,980**	1,220,656
Total debts	**11,761,835**	14,480,214

As at 31 December 2024, the total debt of the Group decreased by approximately RMB2,718,379,000 or 19%, as compared with 31 December 2023.

Leverage

The gearing ratio of the Group as at 31 December 2024, calculated as a ratio of the sum of bank and other borrowings to total assets, was approximately 26% (31 December 2023: 27%). The net equity of the Group as at 31 December 2024 was approximately RMB14,603,575,000 (31 December 2023: approximately RMB17,438,010,000).

As at 31 December 2024, the Group recorded total current assets of approximately RMB24,748,906,000 (31 December 2023: RMB31,263,965,000) and total current liabilities of approximately RMB22,092,483,000 (31 December 2023: RMB29,511,143,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.1 as at 31 December 2024 (31 December 2023: 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 31 December 2024, bank and other borrowings of approximately RMB11,010,298,000, RMB521,431,000, RMB6,579,000 and RMB223,527,000 (31 December 2023: RMB13,721,973,000, RMB506,517,000, RMB6,347,000 and RMB245,377,000) were denominated in RMB, US dollars, Hong Kong dollars and Australia dollars respectively. 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 RMB4,661,763,000 (31 December 2023: RMB6,431,602,000) 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 31 December 2024 are set out in note 23 to the consolidated financial information attached to this announcement.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the Year 2024, are set out in note 4 to the consolidated financial information attached to this announcement.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 31 December 2024 are set out in note 22 to the consolidated financial information attached to this announcement.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2024 are set out in note 21 to the consolidated financial information attached to this announcement.

SUBSEQUENT EVENTS

On 6 March 2025, the Board resolved to invoke Article 79 of the articles of association of CHS to request the board of directors of CHS to convene an extraordinary general meeting of CHS to remove and appoint directors of CHS. On 14 March 2025, the requisition notice to convene the extraordinary general meeting was deposited to the principal office of CHS in Hong Kong. For further details, please refer to the announcements of the Company dated 7 March 2025 and 24 March 2025.

Save as disclosed above, there are other no important events affecting the Group which have occurred since the end of the Year 2024 and up to the date of this announcement.

MATERIAL ACQUISITION AND DISPOSAL

The Group conducted the following material disposals in the Year 2024:

(a) The Group, through Five Seasons XVI Limited, a wholly-owned subsidiary of the Company, has disposed of an aggregate of 19,527,000 shares (the "**CHS Share(s)**") of CHS, a non-wholly owned subsidiary of the Company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 00658), through the open market at an aggregate consideration of HK$67,670,720 (excluding transaction costs) during 12 December 2022 to 13 January 2023 (both days inclusive) (the "**Previous Disposal**").

On 28 December 2023, a disposal mandate (the "**Disposal Mandate**") has been granted by the shareholders of the Company to the Directors for the possible disposal (the "**CHS Possible Disposal**") of up to 140,000,000 CHS Shares in the open market through the trading system of the Stock Exchange subject to certain parameters, including but not limited to, the minimum selling price, during a period of 12 months from 28 December 2023 to 27 December 2024 (the "**Mandate Period**").

The CHS Possible Disposal alone or when aggregated with the Previous Disposal conducted in the previous 12-month period may constitute a major transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

For the period from 1 January 2024 to 27 December 2024, the Group, through Five Seasons XVI Limited, disposed of an aggregate of 16,334,000 CHS Shares through the open market of the Stock Exchange at the aggregate consideration of HK$23,200,300 (excluding transaction costs).

The Disposal Mandate has been expired on 27 December 2024. As at 31 December 2024, the Group held 1,171,241,693 CHS Shares, representing approximately 71.62% of the total issued share capital of CHS as at 31 December 2024. CHS continues to be a non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated into the financial statements of the Group.

Details of the CHS Possible Disposal and Disposal Mandate were set out in the announcement of the Company dated 10 November 2023 and the circular of the Company dated 30 November 2023, respectively.

(b) On 29 August 2024, the Group entered into the transaction agreements with Jiaxing Fengrui Enterprise Management Partnership (Limited Partnership)*（嘉興烽睿企業管理合夥企業（有限合夥））(as purchaser, the "**Purchaser**"), pursuant to which the Group, through Nanjing Fengli Equity Investment Enterprise (Limited Partnership)*（南京豐利股權投資企業（有限合夥））and Nanjing Shengmao Asset Management Co., Ltd.*（南京盛茂資產管理有限公司）(both wholly owned subsidiaries of the Company, as vendors), has conditionally agreed to sell all equity interests in Fengsheng KL to the Purchaser at a total consideration of RMB950,000,000 pursuant to the equity transfer agreement (the "**Fengsheng KL Disposal**").

The Fengsheng KL Disposal was completed on 26 September 2024. Following the Fengsheng KL Disposal, the members of the Fengsheng KL group (including the group of Fullshare Dazu) ceased to be the subsidiaries of the Company, but the Company continues to indirectly own 26.67% equity interests in Fullshare Dazu and the financial results of Fullshare Dazu group will be equity accounted for as investment in associate in the consolidated financial statements of the Group.

Details of the Fengsheng KL Disposal were set out in the announcement of the Company dated 29 August 2024 and the circular of the Company dated 30 August 2024, respectively.

(c) On 15 October 2024, Five Seasons XIX Pte. Ltd ("**Five Seasons XIX**", a wholly-owned subsidiary of the Company) entered into a share buy back agreement with Sparrow Early Learning Pty Ltd ("**Sparrow Early Learning**") and Sparrow Early Learning Holdings Pty Ltd ("**Sparrow Holdings**"), pursuant to which Five Seasons XIX has conditionally agreed to sell 24,013,278 ordinary shares of Sparrow Early Learning (the "**Sale Shares**") to Sparrow Early Learning, and Sparrow Early Learning may, at its election, buy back some or all of the Sale Shares in one or more tranche(s) at a total consideration of not more than the maximum consideration (i.e. AUD20,000,000, equivalent to approximately RMB95,353,000) (the "**Sparrow Possible Disposal**").

The Sparrow Possible Disposal, if materialised, will constitute a disposal of Sale Shares by the Group, which constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules. Upon completion of the Sparrow Possible Disposal, Sparrow Early Learning will cease to be accounted for an investment in an associate of the Group.

For the period from 15 October 2024 to 31 December 2024, the Group, through Five Seasons XIX, disposed of and Sparrow Early Learning bought back an aggregate of 5,853,478 Sales Shares at the aggregate consideration of AUD5,000,000 (equivalent to approximately RMB23,143,000). As at 31 December 2024, the Group is interested in approximately 19.29% equity interest in Sparrow Early Learning and Sparrow Early Learning continues to be accounted for an investment in an associate of the Group.

Details of the Sparrow Possible Disposal and subsequent exercise of options were set out in the announcements of the Company dated 15 October 2024, 24 October 2024 and 18 December 2024, respectively.

In the Year 2024, save as disclosed above, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures. The Group has no specific future plan for material investment or capital assets, or acquisition for major capital assets or other businesses. However, the Group will continue to identify new opportunities for business development.

DIVIDEND

The Board has resolved not to declare a dividend for the year ended 31 December 2024.

EMPLOYEES

As at 31 December 2024, the Group had 8,807 employees (31 December 2023: 8,881 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB2,236,534,000 in the Year 2024 (Year 2023: approximately RMB2,177,895,000). 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.

AUDIT COMMITTEE

The Board established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 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 Audit Committee has reviewed the audited consolidated financial information of the Group for the Year 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares (as defined in the Listing Rules)) of the Group during the Year 2024. As at 31 December 2024, the Company did not own any treasury shares (including any treasury shares held or deposited with CCASS (as defined in the Listing Rules)).

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the Year 2024 as set out in this announcement have been agreed with the Group's auditor, Baker Tilly Hong Kong Limited ("**Baker Tilly**"), which are consistent with the figures set out in the Group's audited consolidated financial statements for the Year 2024. The work performed by Baker Tilly in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly on this announcement.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditors' report on the Group's annual consolidated financial statements in respect of qualified opinion for the year ended 31 December 2024:

Qualified opinion

In our opinion, except for the possible effects of the matters described in the "Basis for qualified opinion" section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards ("**HKFRSs**") as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for qualified opinion

Trade receivables arising from trading business included new energy segment and related impairment

As set out in Note 31 to the consolidated financial statements, as at 31 December 2024, the Group's trade receivables arising from trading business amounted to RMB3,188,981,000, which, as fully explained in Note 49 to the consolidated financial statements, were fully impaired. The relevant impairment has been included in "**Impairment losses on trade receivables and prepayments in relation to trading business included in new energy segment**" line item in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

We were unable to perform effective confirmation procedures on the trade receivables arising from trading business of RMB3,188,981,000 nor have we been provided with sufficient audit evidence to support that these trade receivables were free from material misstatements. Any adjustment to the trade receivables arising from trading business may have a consequential effect on the Group's impairment of trade receivables and loss for the year ended 31 December 2024, the Group's net assets as at 31 December 2024 and the related disclosures thereof in the consolidated financial statements.

Prepayments arising from trading business included new energy segment and related impairment

As set out in Note 32 to the consolidated financial statements, as at 31 December 2024, the Group's prepayments for purchases of bulk commodities amounted to RMB3,450,531,000 which, as fully explained in Note 49 to the consolidated financial statements, were fully impaired. The relevant impairment of RMB3,450,531,000 has been included in "**Impairment losses on trade receivables and prepayments in relation to trading business included in new energy segment**" line item in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

We have not been provided with sufficient documents and explanation to satisfy ourselves as to the nature, occurrence and accuracy of these recorded transactions. Any adjustment to these recorded prepayments for purchases of bulk commodities may have a consequential effect on the related impairment and the Group's loss for the year ended 31 December 2024, the Group's net assets as at 31 December 2024 and the related disclosures thereof in the consolidated financial statements.

Transactions under the Group's engineering, procurement and construction project (the "EPC Project") included new energy segment

As set out in Note 32(a) to the consolidated financial statements, the Group acted as the main contractor of an EPC project since prior years and subcontracted the project work to several subcontractors. As at 31 December 2024, advance receipts from the customer for the EPC project of RMB467,760,000 was recognised as contract liabilities, and the corresponding payments to subcontractors of RMB297,212,000 and RMB994,052,000 were recognised as prepayments and inventories respectively.

Up to the date of approval of these consolidated financial statements, the Group, as the main contractor of the EPC Project, is in the process of investigating the costs incurred for and progress of the EPC Project with several subcontractors. In view of the uncertainty of the EPC Project, no revenue or costs were recognised in profit or loss. Management was unable to provide sufficient information to substantiate the progress of the EPC Project and subcontracting costs incurred by subcontractors for the EPC Project up to 31 December 2024.

Consequently, we were unable to obtain sufficient appropriate audit evidence as to whether the revenue from the EPC Project, and the corresponding contract liabilities, the subcontracting costs incurred for the EPC Project and the corresponding prepayments and inventories recognised in the Group's consolidated financial statements, were free from material misstatements.

Any adjustment to the recorded transactions relating to the EPC Project may have a consequential effect on the related revenue and costs of sales and the Group's loss for the year ended 31 December 2024, the Group's net assets as at 31 December 2024 and the related disclosures thereof in the consolidated financial statements.

Financial assets at fair value through profit or loss

As at 30 June 2024, the Group's equity investments in three limited partnerships were recorded as financial assets at fair value through profit or loss in the Group's consolidated statement of financial position with carrying value of RMB423,300,000 in aggregate (the "**Investments**"). Gain on fair value changes of RMB11,900,000 arising from the Investments were recorded in the Group's consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2024. Management represented to us that they were unable to obtain access to certain financial information of the three limited partnerships. Therefore, as at 31 December 2024, the Investments continued to be recognised at RMB423,300,000 in the Group's consolidated statement of financial position. Due to insufficient information, we were unable to determine whether the Investments as at 31 December 2024 and the corresponding gain from fair value changes for the year ended 31 December 2024 were free from material misstatements.

Any adjustment to carrying value of these financial assets may have a consequential effect on the related gain/loss on fair value changes and the Group's loss for the year ended 31 December 2024, the Group's net assets as at 31 December 2024 and the related disclosures thereof in the consolidated financial statements.

Related party transactions

Note 54 to the consolidated financial statements discloses certain related party transactions of the Group for the year ended 31 December 2024. Due to lack of sufficient documents and explanations in relation to the trading business, we were not able to carry out audit procedures necessary to satisfy ourselves that the disclosure in Note 54 to the consolidated financial statements is complete.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the "**Auditor's responsibilities for the audit of the consolidated financial statements**" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

The Company and Audit Committee's view on the Qualified Opinion

Reference is made to the section headed "The Company and Audit Committee's view on the Qualified Opinion" in the annual results announcement of CHS dated 28 March 2025 (the "**CHS Annual Results Announcement**"). In summary, to address the issues and/or qualification of CHS's auditors:

– CHS's management acknowledges the lack of sufficient audit evidence for certain transactions and balances, in light of the suspected embezzlement and misappropriation of the funds and assets of CHS and its subsidiaries, and they will fully commit to assisting with and facilitating relevant criminal investigation and independent investigation in this regard, and are taking steps with a view to pursue appropriate legal actions to protect CHS's interests;

- CHS's management will continue to use all reasonable efforts to verify and reconcile the accounts regarding the EPC Project undertaken by Nanjing High Accurate Drive Equipment Manufacturing Group Co., Ltd.(南京高精傳動設備製造集團有限公司)(CHS's wholly-owned subsidiary) with the project owner and sub-contractors;

- CHS's management will continue to use all reasonable efforts to obtain from the relevant limited partnerships the required materials and information for the completion of the valuation of the equity investments in Ningbo Nangao Jingchuan Enterprise Management Partnership L.P., Ningbo Gaona Jingte Enterprise Management Partnership L.P. and Ningbo Gaotai Jingli Enterprise Management Partnership L.P..

As the qualified opinion only relates to the business and operations of CHS, our management and Audit Committee concurs with their adopted measures. For further details of CHS's views and actions, please refer to the CHS Annual Results Announcement.

CORPORATE GOVERNANCE CODE

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

The Company has applied the principles and complied with the code provisions of the CG Code during the Year 2024 except 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 Year 2024, the positions of chairman and chief executive officer (the "**CEO**") of the Company were held by Mr. Ji Changqun ("**Mr. Ji**"). The Board believes that the holding of both positions of chairman and CEO by the same individual allows more effective planning and execution of business strategies. In addition, the Board is of the view that the balanced composition of 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 ensure that this structure will not impair the balance of power and authority between the Board and the management of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 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 Year 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement has been published on the website of the Stock Exchange, www.hkexnews.hk, and the website of the Company, www.fullshare.com. The annual report for the Year 2024 will be published on the above-mentioned websites in due course.

By Order of the Board
Fullshare Holdings Limited
Ji Changqun
Chairman

Hong Kong, 31 March 2025

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 purpose only*