Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the "**Board**") of directors (the "**Directors**") of Fullshare Holdings Limited (the "**Company**") announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2021 (the "**Period Under Review**"), together with comparative figures for the previous corresponding period prepared in accordance with generally accepted accounting principles in Hong Kong as follows:

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

For the six months ended 30 June 2021

		For the six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Note	***RMB'000***	*RMB'000*
Revenue	*5*	**11,151,369**	5,783,484
Cost of sales and services		**(9,225,537)**	(4,580,148)
Gross profit		**1,925,832**	1,203,336
Selling and distribution expenses		**(245,496)**	(199,043)
Administrative expenses		**(772,085)**	(449,314)
Research and development costs		**(451,007)**	(232,380)
Net impairment losses on financial assets and financial guarantee contracts	*3(f)*	**(227,910)**	(512,665)
Other income	*7*	**306,518**	166,187
Net fair value changes in financial instruments	*6*	**(513,976)**	11,132
Other gains/(losses) – net	*8*	**69,034**	(278,078)
Operating profit/(loss)		**90,910**	(290,825)
Finance costs	*10*	**(291,413)**	(344,363)
Share of results of joint ventures		**17,119**	(5,133)
Share of results of associates		**(18,431)**	8,268
Loss before tax		**(201,815)**	(632,053)
Income tax (expenses)/credit	*11*	**(163,993)**	44,868
Loss for the period		**(365,808)**	(587,185)

	Note	For the six months ended 30 June **2021** **(Unaudited)** ***RMB'000***	2020 (Unaudited) *RMB'000*
Other comprehensive (loss)/income for the period:			
Items that may be reclassified to profit or loss:			
– Release of exchange reserve upon disposal of a subsidiary		**(192,753)**	–
– Exchange differences on translation of foreign operations		**21,420**	(15,230)
– Changes in fair value of debt instruments at fair value through other comprehensive income		**3,207**	2,833
– Share of other comprehensive income of associates		**–**	1,883
– Income tax relating to these items		**(507)**	(2,204)
		(168,633)	(12,718)
Items that will not be reclassified to profit or loss:			
– Changes in fair value of equity instruments at fair value through other comprehensive income		**(118,821)**	(37,800)
– Income tax relating to these items		**34,484**	(10,130)
		(84,337)	(47,930)
Other comprehensive loss for the period, net of tax		**(252,970)**	(60,648)
Total comprehensive loss for the period		**(618,778)**	(647,833)
(Loss)/profit for the period attributable to:			
– Equity shareholders of the Company		**(581,187)**	(644,814)
– Non-controlling interests		**215,379**	57,629
		(365,808)	(587,185)
Total comprehensive (loss)/income for the period attributable to:			
– Equity shareholders of the Company		**(805,380)**	(717,821)
– Non-controlling interests		**186,602**	69,988
		(618,778)	(647,833)
Loss per share attributable to equity shareholders of the Company			
Basic loss per share	*13*	**RMB(0.030)**	RMB(0.033)
Diluted loss per share	*13*	**RMB(0.030)**	RMB(0.033)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2021

	Note	**30 June 2021 (Unaudited)** *RMB'000*	31 December 2020 (Audited) *RMB'000*
Non-current assets			
Property, plant and equipment		**6,082,236**	5,535,884
Investment properties		**4,958,399**	4,958,399
Right-of-use assets		**1,358,123**	1,397,256
Goodwill		**1,897,927**	1,913,158
Other intangible assets		**394,544**	430,014
Investments in joint ventures		**415,138**	398,865
Investments in associates		**1,686,635**	1,707,076
Financial assets at fair value through other comprehensive income	*15*	**3,165,438**	3,066,069
Financial assets at fair value through profit or loss	*14*	**390,323**	380,179
Other financial assets at amortised cost	*16(iv)*	**1,061,893**	1,045,689
Other receivables	*16(iii)*	**3,133**	2,815
Prepayments		**98,279**	49,349
Deferred tax assets		**682,338**	663,144
		22,194,406	21,547,897
Current assets			
Inventories		**4,021,596**	3,707,244
Trade receivables	*17*	**5,057,749**	3,161,080
Consideration receivables	*16(ii)*	**–**	129,896
Loans receivables	*16(i)*	**1,394,329**	1,658,704
Prepayments		**1,374,455**	1,366,453
Other receivables	*16(iii)*	**1,686,406**	1,876,325
Income tax prepaid		**2,704**	2,403
Financial assets at fair value through other comprehensive income	*15*	**2,250,622**	3,504,200
Financial assets at fair value through profit or loss	*14*	**952,369**	1,313,913
Properties under development		**705,460**	696,681
Properties held for sale		**234,686**	438,770
Restricted cash		**2,841,054**	1,670,336
Cash and cash equivalents		**3,257,595**	2,490,570
		23,779,025	22,016,575

	Note	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Current liabilities			
Trade and bills payables	*18*	**8,073,544**	6,797,908
Other payables and accruals	*19*	**4,385,652**	2,779,029
Contract liabilities		**1,220,037**	2,238,334
Derivative financial instruments		**539,015**	–
Lease liabilities		**45,587**	45,611
Bank and other borrowings	*20*	**5,815,011**	5,019,531
Income tax payable		**888,243**	937,787
Warranty provision		**646,541**	578,595
Deferred income		**20,852**	25,778
		21,634,482	18,422,573
Net current assets		**2,144,543**	3,594,002
Total assets less current liabilities		**24,338,949**	25,141,899
Non-current liabilities			
Bank and other borrowings	*20*	**2,126,097**	2,197,601
Derivative financial instruments		**32,301**	43,362
Deferred income		**172,913**	177,551
Lease liabilities		**334,735**	371,802
Warranty provision		**479,772**	372,480
Deferred tax liabilities		**1,134,930**	1,182,123
		4,280,748	4,344,919
Net assets		**20,058,201**	20,796,980
Capital and reserves			
Share capital		**160,872**	160,872
Reserves		**16,228,964**	17,014,829
Equity attributable to equity shareholders of the Company		**16,389,836**	17,175,701
Non-controlling interests		**3,668,365**	3,621,279
Total equity		**20,058,201**	20,796,980

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

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

The interim condensed consolidated financial information was approved for issue by the board of directors of the Company on 31 August 2021.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the SEHK.

The interim condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the Group's 2020 annual consolidated financial statements, except for the adoption of amendments to accounting policies, as set out in Note 2.1.

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

2 BASIS OF PREPARATION (Continued)

The interim condensed consolidated financial information contains interim condensed consolidated financial information and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the Group's 2020 annual consolidated financial statements. These interim condensed consolidated financial information and notes thereon do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2020.

The interim condensed consolidated financial information has been prepared on a going concern basis, although the Group has experienced an overdue borrowing (Note 20(b)) and a deferred and unfulfilled commitment (Note 23(iii)). The management of the Company has closely monitored the liquidity risk and considered the risk is under control after taking into consideration the adequate collaterals to secure the relevant loan and financial position of the Group.

Taxes on income in the interim period are accrued using the tax rates that would be applicable to the expected total annual earnings.

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

2.1 New standards, amendments and interpretation adopted by the Group

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"

In the current period, the Group has applied Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" (the "**Amendments**") issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021.

The Amendments provide practical expedients to address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes in the basis for determining the contractual cash flows and hedge accounting as a result of interest rate benchmark reform. The Amendments also set out the disclosure requirements.

The application of the Amendments has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in this interim condensed consolidated financial information.

A number of new standards and amendments to standards are effective for annual period beginning on or after 1 January 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing this interim condensed consolidated financial information.

3 FINANCIAL RISK MANAGEMENT

Credit risk

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

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

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

While cash and cash equivalents and restricted cash are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

(a) Trade receivables

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of lifetime ECL provision for trade receivables. To measure the ECL, trade receivables were grouped based on shared credit risk characteristics and days past due, unless for debtors that are credit-impaired, at which the collection of receivables are assessed individually.

For ECL assessed under the simplified approach, pursuant to which the expected loss rates are based on the payment profiles of sales over a period of 48 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product and producer price index in which it sells goods, properties and renders services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the ECL provision as at 30 June 2021 and 31 December 2020 was determined as follows:

As at 30 June 2021 (Unaudited)	**Less than 1 year** *RMB'000*	**More than 1 year** *RMB'000*	**More than 2 years** *RMB'000*	**More than 3 years** *RMB'000*	**More than 4 years** *RMB'000*	**Total** *RMB'000*
ECL rate	**1.91%**	**28.88%**	**52.18%**	**76.62%**	**100.00%**	**7.49%**
Gross carrying amount under ECL model (excluding those debtors of which 100% loss allowances have been specifically provided)	**5,005,370**	**144,431**	**59,426**	**72,179**	**185,707**	**5,467,113**
Loss allowances under ECL model	**(95,638)**	**(41,707)**	**(31,009)**	**(55,303)**	**(185,707)**	**(409,364)**
100% loss allowances specifically provided	**(5,148)**	**–**	**(28,202)**	**(119,022)**	**(50,687)**	**(203,059)**
Loss allowances	**(100,786)**	**(41,707)**	**(59,211)**	**(174,325)**	**(236,394)**	**(612,423)**
Net carrying amount	**4,909,732**	**102,724**	**28,417**	**16,876**	**–**	**5,057,749**

Credit risk (Continued)

(a) Trade receivables (Continued)

As at 31 December 2020 (Audited)	Less than 1 year *RMB'000*	More than 1 year *RMB'000*	More than 2 years *RMB'000*	More than 3 years *RMB'000*	More than 4 years *RMB'000*	Total *RMB'000*
ECL rate	2.28%	34.61%	56.62%	83.38%	100.00%	11.04%
Gross carrying amount under ECL model (excluding those debtors of which 100% loss allowances have been specifically provided)	3,126,419	104,473	65,736	54,704	202,067	3,553,399
Loss allowances under ECL model	(71,257)	(36,160)	(37,222)	(45,613)	(202,067)	(392,319)
100% loss allowances specifically provided	(4,566)	(11,530)	(50,070)	(119,224)	(17,151)	(202,541)
Loss allowances	(75,823)	(47,690)	(87,292)	(164,837)	(219,218)	(594,860)
Net carrying amount	3,055,162	68,313	28,514	9,091	–	3,161,080

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

As at 30 June 2021 and 31 December 2020, the Group provided for the following ECL provision against financial assets at amortised cost (excluding trade receivables):

As at 30 June 2021 (Unaudited)

	ECL rate ***RMB'000***	**Gross carrying amount** ***RMB'000***	**ECL provision** ***RMB'000***	**Carrying amount (net of provision for loss allowances)** ***RMB'000***
Loans receivables *(Note)*	**54.74%**	**3,080,864**	**(1,686,535)**	**1,394,329**
Other receivables *(Note)*	**26.11%**	**2,286,713**	**(597,174)**	**1,689,539**
Other financial assets at amortised cost	**0.03%**	**1,062,258**	**(365)**	**1,061,893**
		6,429,835	**(2,284,074)**	**4,145,761**

Credit risk (Continued)

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

As at 31 December 2020 (Audited)

	ECL rate *RMB'000*	Gross carrying amount *RMB'000*	ECL provision *RMB'000*	Carrying amount (net of provision for loss allowances) *RMB'000*
Loans receivables	48.12%	3,197,292	(1,538,588)	1,658,704
Consideration receivables	4.14%	135,500	(5,604)	129,896
Other receivables	22.67%	2,430,166	(551,026)	1,879,140
Other financial assets at amortised cost	0.04%	1,046,141	(452)	1,045,689
		6,809,099	(2,095,670)	4,713,429

Note:

The expected loss rate for loans receivables increased in a greater extent during the six months ended 30 June 2021 due to significant increase in credit risks of certain borrowers since initial recognition and therefore an additional impairment loss was recognised during the six months ended 30 June 2021. The financial condition of the borrowers have significantly deteriorated with certain of their loans default in repayments and remain unsettled as at the end of the reporting period.

In addition, the credit risk on embedded interest receivables which was recognised in "Other receivables" as at 30 June 2021 from these loans in default increased in a greater extent and therefore an additional impairment loss was recognised during the six months ended 30 June 2021.

(c) Bills receivables measured at FVOCI

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

(d) Financial guarantee contracts

Certain counterparties are in the process of debt restructuring or their financial conditions have significantly deteriorated during the six months ended 30 June 2021. In the opinion of the directors, the counterparties are not probable to meet their contractual payment obligations in full when due, and thus loss allowances of RMB12,847,000 (six months ended 30 June 2020: RMBNil) were recognised during the six months ended 30 June 2021, which was assessed based on their lifetime ECL (credit impaired) over the guarantee periods provided by the Group.

3 FINANCIAL RISK MANAGEMENT (Continued)

Credit risk (Continued)

(e) Financial assets at fair value through profit or loss ("FVPL")

Financial assets that do not meet the criteria for being measured at amortised cost or FVOCI or designated as FVOCI are measured at FVPL.

As at 30 June 2021, the Group was also exposed to credit risk in relation to debt investments that are measured at FVPL. The debt investments which are unrated or credit rating below the pre-set levels have to be approved by the investment committee. The management regularly reviews and monitors the portfolio of debt securities.

The maximum exposure at the end of the reporting period is the carrying amount of these investments, which is RMB501,521,000 (31 December 2020: RMB505,314,000).

(f) For the six months ended 30 June 2021 and 2020, the summary of the net impairment losses on financial assets and financial guarantee contracts were recognised in profit or loss as follows:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Provision for/(reversal of) impairment losses on:		
– Trade receivables	**26,659**	93,854
– Loans receivables	**147,947**	347,211
– Consideration receivables	**(5,604)**	–
– Other receivables	**46,148**	71,600
– Other financial assets at amortised cost	**(87)**	–
– Financial guarantee contracts	**12,847**	–
	227,910	512,665

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 trade 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, 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 prepaid, restricted cash, cash and cash equivalents, consideration receivables and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude income tax payable, bank and other borrowings, deferred tax liabilities, certain lease liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

	For the six months ended 30 June 2021 (Unaudited)					
	Properties *RMB'000*	**Tourism** *RMB'000*	**Investment and financial services** *RMB'000*	**Healthcare, education and others** *RMB'000*	**New energy** *RMB'000*	**Total** *RMB'000*
Segment revenue:						
Sales to external customers	**162,164**	**138,661**	**7,910**	**241,127**	**10,601,507**	**11,151,369**
Fair value changes in financial instruments	**–**	**(539,015)**	**23,128**	**–**	**1,911**	**(513,976)**
Segment results	**(102,173)**	**(789,365)**	**(94,323)**	**(21,850)**	**950,590**	**(57,121)**
Reconciliation:						
Unallocated bank interest income *(Note 7)*						**30,895**
Gains on disposal of subsidiaries *(Note 8)*						**196,133**
Unallocated income and losses						**(58,901)**
Corporate and other unallocated expenses						**(21,408)**
Finance costs *(Note 10)*						**(291,413)**
Loss before tax						**(201,815)**
Segment assets at 30 June 2021 (Unaudited)	**9,272,562**	**479,434**	**5,884,221**	**840,836**	**22,635,747**	**39,112,800**
Reconciliation:						
Corporate and other unallocated assets						**6,860,631**
Total assets at 30 June 2021 (Unaudited)						**45,973,431**
Segment liabilities at 30 June 2021 (Unaudited)	**1,320,947**	**856,823**	**146,224**	**401,379**	**12,120,279**	**14,845,652**
Reconciliation:						
Corporate and other unallocated liabilities						**11,069,578**
Total liabilities at 30 June 2021 (Unaudited)						**25,915,230**

4 OPERATING SEGMENT INFORMATION (Continued)

	For the six months ended 30 June 2020 (Unaudited)					
	Properties *RMB'000*	Tourism *RMB'000*	Investment and financial services *RMB'000*	Healthcare, education and others *RMB'000*	New energy *RMB'000*	Total *RMB'000*
Segment revenue:						
Sales to external customers	124,364	29,520	9,521	151,283	5,468,796	5,783,484
Fair value changes in financial instruments	–	–	11,132	–	–	11,132
Segment results	(23,549)	(157,381)	(386,496)	(175,367)	435,366	(307,427)
Reconciliation:						
Unallocated bank interest income *(Note 7)*						41,617
Gains on disposal of subsidiaries *(Note 8)*						7,760
Loss on disposal of an associate *(Note 8)*						(12,388)
Unallocated income and losses						25,562
Corporate and other unallocated expenses						(42,814)
Finance costs *(Note 10)*						(344,363)
Loss before tax						(632,053)
Segment assets at 31 December 2020 (Audited)	9,157,611	502,577	6,400,471	938,454	21,529,293	38,528,406
Reconciliation:						
Corporate and other unallocated assets						5,036,066
Total assets at 31 December 2020 (Audited)						43,564,472
Segment liabilities at 31 December 2020 (Audited)	1,162,377	67,449	148,248	440,908	10,484,118	12,303,100
Reconciliation:						
Corporate and other unallocated liabilities						10,464,392
Total liabilities at 31 December 2020 (Audited)						22,767,492

4 OPERATING SEGMENT INFORMATION (Continued)

Revenue from external customers by locations of customers

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
People's Republic of China ("the **PRC**")	**9,103,359**	4,234,255
United States of America	**1,007,732**	801,366
Europe	**86,490**	190,430
Australia	**351,040**	177,795
Other countries	**602,748**	379,638
	11,151,369	5,783,484

5 REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Properties segment:		
– Property development and sales	**53,455**	25,147
– Construction services	**5,349**	9,740
	58,804	34,887
Tourism segment:		
– Hotel operations	**133,939**	29,511
– Sales of tourist goods and services	**4,722**	9
	138,661	29,520
New energy segment:		
– Sale of gear products	**7,451,928**	5,468,796
– Trade of goods	**3,149,579**	–
	10,601,507	5,468,796
Investment and financial services segment:		
– Investment and financial consulting services	**7,910**	9,521
Healthcare, education and others segment:		
– Education services	**241,127**	151,283
	11,048,009	5,694,007
Revenue from other sources		
Properties segment:		
– Gross rental income	**103,360**	89,477
	11,151,369	5,783,484

5 REVENUE (Continued)

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

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Timing of revenue recognition:		
– Recognised at a point in time	**10,659,684**	5,493,952
– Recognised over time	**388,325**	200,055
	11,048,009	5,694,007

6 NET FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Fair value gains in financial assets at FVPL	**14,474**	1,132
Fair value (losses)/gains in derivative financial instruments *(Note)*	**(528,450)**	10,000
	(513,976)	11,132

Note:

The fair value change from derivative financial instruments for the six months ended 30 June 2021 was mainly derived from the fair value change of a Forward Purchase Agreement to acquire certain equity interest. Details of the transaction are set out in Note 23(iii).

7 OTHER INCOME

		For the six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Note	***RMB'000***	*RMB'000*
Bank interest income	*(i)*	**30,895**	41,617
Other interest income	*(ii)*	**132,037**	26,737
Dividend income		**23,604**	8,719
Management fees income	*(iii)*	**28,137**	17,534
Government grants	*(iv)*	**38,674**	26,770
Sales of scraps and materials		**41,622**	41,249
Others		**11,549**	3,561
		306,518	166,187

7 OTHER INCOME (Continued)

Notes:

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

(ii) Other interest income is principally derived from loans receivables and other financial assets at amortised cost.

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

(iv) Government grants represented mainly grants from the PRC's local authority to support local companies. There are no unfulfilled conditions or contingencies attaching to these grants.

8 OTHER GAINS/(LOSSES) – NET

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Gains on disposal of subsidiaries *(Note 21)*	**196,133**	7,760
Fair value gains of investment properties	**–**	952
Gains/(losses) on disposal of property, plant and equipment	**1,126**	(2,992)
Loss on remeasurement of contingent consideration	**(11,000)**	–
Loss on disposal of an associate	**–**	(12,388)
Loss on swap contracts	**(16,291)**	(17,835)
Impairment losses on goodwill *(Note)*	**–**	(146,350)
Impairment loss on property, plant and equipment	**(22,099)**	(132,800)
Foreign exchange (losses)/gains – net	**(78,835)**	21,610
Others	**–**	3,965
	69,034	(278,078)

Note:

During the six months ended 30 June 2021, no impairment losses on goodwill was recognised.

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

9 EXPENSES BY NATURE

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Staff costs		
– Salaries and other benefits	**1,013,083**	811,229
– Pension scheme contributions	**33,787**	30,550
Cost of inventories sold	**8,184,854**	3,610,598
Cost of properties sold	**62,815**	59,058
Depreciation of property, plant and equipment	**243,275**	247,763
Depreciation of right-of-use assets	**37,249**	37,340
Advertising expenses	**10,557**	17,511
Provision for inventories write-down	**142,276**	33,249
Amortisation of other intangible assets	**35,470**	36,223
Overdue Penalty on execution of Forward Purchase Agreement *(Note 23(iii))*	**260,494**	–
Penalty on Past Late Payment on a borrowing *(Note 20(b))*	**100,000**	–
Others	**570,265**	577,364
	10,694,125	5,460,885
Representing:		
– Cost of sales and services	**9,225,537**	4,580,148
– Selling and distribution expenses	**245,496**	199,043
– Administrative expenses	**772,085**	449,314
– Research and development costs	**451,007**	232,380
	10,694,125	5,460,885

10 FINANCE COSTS

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**279,903**	269,739
Interest on corporate bonds	**–**	63,732
Interest on lease liabilities	**11,510**	10,892
	291,413	344,363

11 INCOME TAX EXPENSES/(CREDIT)

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

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current tax – expenses/(credit) for the period		
– The PRC	**180,019**	62,401
– Hong Kong	**12,537**	11,413
– Australia	**3,729**	(426)
– Other	**300**	62
Deferred tax	**(32,592)**	(118,318)
	163,993	(44,868)

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

PRC CIT has been provided at the rate of 25% (six months ended 30 June 2020: 25%) on the taxable profits of the Group's PRC subsidiaries, except those listed below, for the six months ended 30 June 2021.

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

Name of company	**Year ended during which approval was obtained**
Nanjing High Speed Gear Manufacturing Co., Ltd (南京高速齒輪製造有限公司)("**Nanjing High Speed**")	31 December 2020
Nanjing High Speed & Accurate Gear (Group) Co., Ltd. (南京高精齒輪集團有限公司)("**Nanjing High Accurate**")	31 December 2020
Nanjing High Accurate Rail Transportation Equipment Co., Ltd (南京高精軌道交通設備有限公司)("**Rail Transportation**")	31 December 2020

Note:

The approvals of preferential tax rate of Nanjing High Speed, Nanjing High Accurate and Rail Transportation were issued on 27 December 2017, 17 November 2017 and 7 December 2017 respectively and were all renewed on 2 December 2020. The preferential tax rate was applicable for 3 years when it was first approved by the taxation authority and therefore a 15% preferential tax rate was applied for these subsidiaries in the calculation of CIT for the six months ended 30 June 2021 and 30 June 2020.

11 INCOME TAX EXPENSES/(CREDIT) (Continued)

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

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

(c) Other corporate income tax

Enterprises incorporated in other places other than PRC subject to income tax rates of 8.25% to 30% (six months ended 30 June 2020: 8.25% to 30%) prevailing in the places in which these enterprises operated for the six months ended 30 June 2021.

12 DIVIDENDS

The board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020: RMBNil).

13 LOSS PER SHARE

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

	For the six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Loss for the purpose of calculating the basic and diluted loss per share	**(581,187)**	(644,814)
Weighted average number of ordinary shares in issue	**19,687,870,331**	19,687,870,331
Basic and diluted loss per share	**RMB(0.030)**	RMB(0.033)

There were no potential dilutive ordinary shares outstanding due to outstanding share options for both the six months ended 30 June 2021 and 30 June 2020. For the six months ended 30 June 2021 and 2020, the weighted average numbers of ordinary shares in issue were adjusted by 17,521,400 shares which is held for the Group's share award scheme.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVPL comprise:

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

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	RMB'000	*RMB'000*
Non-current assets		
Derivative financial instruments *(Note (d))*	**38,921**	40,179
Unlisted equity investments *(Note (e))*	**351,402**	340,000
	390,323	380,179
Current assets		
Listed equity investments *(Note (a))*	**16,444**	369,326
Unlisted equity investments *(Note (e))*	**434,404**	439,273
Trade receivables measured at FVPL *(Note (b))*	**274,021**	185,269
Structured bank deposits *(Note (c))*	**227,500**	320,045
	952,369	1,313,913
	1,342,692	1,694,092

Note:

(a) The balances as at 30 June 2021 and 31 December 2020 represent the fair values of equity shares of a portfolio of Hong Kong listed securities based on the closing prices of these securities quoted on the SEHK on that date. The directors of the Company consider that the closing prices of these securities are the fair values of these investments.

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	RMB'000	*RMB'000*
Zall Group (2098.SEHK)	**–**	351,453
China Saite Group Company Limited (153.SEHK)	**16,444**	16,661
Nanjing Sample Technology Company Limited (1708.SEHK)	**–**	1,212
	16,444	369,326

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

Note: (Continued)

(b) Trade receivables measured at FVPL

In 2018 and 2020, the Group entered into several agreements with two banks to sell all of its eligible trade receivables under certain customers and all rights, titles, interests and benefits the Group has in each such eligible trade receivables on a non-recourse basis without the need for any further action or documentation on the part of the Group or banks, at a discount calculated based on the base rate and number of days for early payment as specified in the agreements.

As at 30 June 2021, such trade receivables that are held solely for selling purpose amounting to RMB274,021,000 (31 December 2020: RMB185,269,000) were classified as financial assets at FVPL. For the six months ended 30 June 2021, fair value loss of RMB1,352,000 (six months ended 30 June 2020: RMB1,911,000) was recognised in "Net fair value changes in financial instruments".

(c) Structured bank deposits

As at 30 June 2021, structured bank deposits of RMB227,500,000 (31 December 2020: RMB320,045,000) represented financial instruments placed by the Group to three (31 December 2020: three) banks in the PRC for a term within one year. The investment guarantees principal and proceeds are related to the performance of exchange rate, interest rate or stock index on the market.

(d) Derivative financial instruments

Pursuant to the sale and purchase agreement entered into between Fullshare Investment Management II Limited, the general partner of Fullshare Value Fund I (A) L.P., a joint venture of the Group and the purchaser dated on 30 August 2019 ("**GSH Disposal Agreement**"), the Company is entitled to 23% of distributable proceeds, if any, after the qualifying transactions as specified in the GSH Disposal Agreement ("**Qualifying Transactions**") are completed. As at June 2021 and 31 December 2020, the Qualifying Transactions have not been completed. The separate derivative associated with GSH Disposal Agreement was measured at FVPL amounting to RMB38,921,000 (31 December 2020: RMB40,179,000).

(e) Unlisted equity investments

In December 2020, the Group entered into three limited partnership agreements in respect of the establishment of partnerships in the PRC. Pursuant to the limited partnership agreements, the Group contributed RMB120,000,000, RMB120,000,000 and RMB100,000,000 respectively as a limited partner, which had been paid up by the Group to the partnerships. As at 30 June 2021, these investments had an aggregate fair value of RMB351,402,000 (31 December 2020: RMB340,000,000).

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

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVOCI comprise:

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

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

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Non-current assets		
Listed equity investment *(Note (a))*	**221,060**	287,198
Unlisted equity investments *(Notes (b) and (c))*	**2,944,378**	2,778,871
	3,165,438	3,066,069
Current assets		
Bills receivables *(Note (d))*	**2,168,784**	3,422,363
Unlisted equity investments *(Notes (b) and (c))*	**81,838**	81,837
	2,250,622	3,504,200
	5,416,060	6,570,269

Note:

(a) As at 30 June 2021, the balance includes the Group's investment in Guodian Technology & Environment Group Corporation Limited（國電科技環保集團股份有限公司, 1296.SEHK）amounting to RMB15,214,000 (31 December 2020: RMB8,179,000), the investment in Riyue Heavy Industry Co., Ltd（日月重工股份有限公司, 603218.SHSE）(“**Riyue**”) amounting to RMB132,941,000 (31 December 2020: RMB195,233,000), the investment in Class A ordinary shares, Class B ordinary shares and American Depository Shares of Tuniu Corporation (TOUR.O.NASDAQ) amounting to RMB56,633,000 (31 December 2020: RMB65,090,000) and the investment in China PengFei Group（中國鵬飛集團有限公司, 3348.SEHK）amounting to RMB16,272,000 (31 December 2020: RMB18,696,000).

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

(b) On 17 April 2017, 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）(a non wholly-owned subsidiary of the Company) entered into a limited partnership agreement with thirty-four other partners in respect of the establishment of an investment fund in the PRC named Zhejiang Zheshang Chanrong Equity Investment Fund LLP*（浙江浙商產融股權投資基金合夥企業（有限合夥））(the "**Zheshang Fund**") and the subscription of interest therein. Pursuant to the limited partnership agreement, the full registered capital contribution to the investment fund is RMB65,910,000,000, among which, RMB2,000,000,000 was contributed by the Group as a limited partner, which had been fully paid up by the Group to the investment fund. The investment in Zheshang Fund was revalued on 30 June 2021 and 31 December 2020 based on valuations performed by Canwin Appraisal Co. Ltd, an independent professional qualified valuer by net asset value approach. As at 30 June 2021, the fair value of Zheshang Fund amounted to RMB1,985,308,000 (31 December 2020: RMB2,039,719,000) and a fair value loss of RMB54,411,000 (30 June 2020: fair value gain of RMB353,000) was recognised in OCI for the six months ended 30 June 2021.

(c) On 25 April 2016, Nanjing Fullshare Dazu Technology Company Limited*（南京豐盛大族科技股份有限公司）(a wholly owned subsidiary of the Company) entered into an agreement with other ten companies in respect of the establishment of a company in the PRC named Jiangsu Minying Investment Holding Limited*（江蘇民營投資控股有限公司）("**Jiangsu Investment**"). Pursuant to the shareholders agreement, the committed capital contribution by the Group is RMB1,000,000,000, among which RMB600,000,000 was paid up by the Group during the six months ended 30 June 2021. All of the committed capital contribution had been fully paid up by the Group as at 30 June 2021.

Certain equity interests in Jiangsu Investment with a fair value of RMB200,000,000 were pledged as collateral (the "**Collateral**") on a financial guarantee provided by the Group to a third party ("**Warrantee**"). On 13 May 2021, the collateral was sold in a public auction under a forced sale (the "**Forced Sale**") upon the failure of repayment on schedule by the Warrantee. The Group negotiated with the Warrantee whom agreed to compensate in whole for any financial losses of the Group that may have incurred over the Forced Sale (the "**Compensation**"). Management of the Company has assessed the recoverability of the Compensation and considers that the Compensation is recoverable. Therefore, there would be no significant adverse financial impact to the Group.

As at 30 June 2021, the Compensation of RMB200,000,000 was recognised in "Other receivables" (Note 16(iii)(a)). The Compensation is received in full before the date of this interim condensed consolidated financial information.

As at 30 June 2021, the fair value of the remaining investment in Jiangsu Investment amounted to RMB813,599,000 (31 December 2020: RMB407,409,000).

The remaining amounts include the unlisted equity investments with individual amount less than RMB200,000,000.

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

For the six months ended 30 June 2021, fair value gain of RMB3,207,000 (six months ended 30 June 2020: RMB2,833,000) for bills receivables was recognised in OCI.

16 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES)

(i) Loans receivables

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	RMB'000	*RMB'000*
Loans to third parties *(Notes (a) and (b))*	**3,080,864**	3,197,292
Less: Loss allowance	**(1,686,535)**	(1,538,588)
	1,394,329	1,658,704

Note:

(a) Included in the balance as at 30 June 2021, there is a loan of approximately HKD196,524,000 (equivalent to RMB163,437,000) with a former subsidiary of the Company, Rich Unicorn Holdings Limited (富麒控股有限公司) ("**Rich Unicorn**") which was disposed of during the period. Details of the disposal are set out in Note 21. The balance is secured, bears an interest at 10% per annum and not yet past due as at 30 June 2021.

(b) During the six months ended 30 June 2021, the Group received repayments from independent third parties amounted to RMB279,865,000.

(ii) Consideration receivables

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	RMB'000	*RMB'000*
Consideration receivables	**–**	135,500
Less: Loss allowance	**–**	(5,604)
	–	129,896

(iii) Other receivables

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Other receivables		
– Amounts due from third parties *(Note (a))*	**2,249,940**	2,401,505
– Amount due from a joint venture	**30,951**	1,925
– Amounts due from associates	**5,822**	26,736
Less: Loss allowance	**(597,174)**	(551,026)
	1,689,539	1,879,140
Represented:		
– Current portion	**1,686,406**	1,876,325
– Non-current portion	**3,133**	2,815
	1,689,539	1,879,140

Note:

(a) As at 30 June 2021, other receivables mainly include a deposit for land lease amounting to RMB75,000,000 (31 December 2020: RMB75,000,000), other receivables from the former subsidiaries of the bundle transaction of RMB544,010,000 (31 December 2020: RMB890,024,000) and Compensation receivables of RMB200,000,000 from the Forced Sale (Note 15(c)) (31 December 2020: RMBNil).

(iv) Other financial assets at amortised cost

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Other financial assets at amortised cost		
– Amounts due from third parties *(Note (a))*	**1,062,258**	1,046,141
Less: Loss allowance	**(365)**	(452)
	1,061,893	1,045,689

Note:

(a) The balances as at 30 June 2021 and 31 December 2020 represented two financial products purchased from an insurance company with interests of fixed rates at 6.50% and 5.80% respectively per annum, both with a 5-year maturity in 2023. The interest and principal are repayable at the maturity date.

17 TRADE RECEIVABLES

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Trade receivables		
– Amounts due from third parties	**5,609,751**	3,750,518
– Amounts due from joint ventures	**60,421**	5,422
Less: Loss allowance	**(612,423)**	(594,860)
	5,057,749	3,161,080

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

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Within 90 days	**3,557,515**	2,747,931
91 to 180 days	**1,080,427**	200,825
181 to 365 days	**271,790**	106,406
Over 365 days	**148,017**	105,918
	5,057,749	3,161,080

The Group generally allows a credit period of 180 days (31 December 2020: 180 days) to its trade customers for gear products. Apart from that, the Group does not have a standardised and universal credit period granted to its customers for other sales, and the credit period of individual customers is considered on a case-by-case basis and stipulated in the relevant contracts, as appropriate. Trade receivables are non-interest-bearing.

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

18 TRADE AND BILLS PAYABLES

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Trade payables		
– Amounts due to third parties	**3,626,810**	3,546,059
– Amount due to a joint venture	**1,127**	1,127
– Amount due to an associate	**144**	253
Bills payables	**4,445,463**	3,250,469
	8,073,544	6,797,908

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

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Within 90 days	**6,984,176**	4,187,599
91 to 180 days	**158,786**	686,510
181 to 365 days	**734,481**	1,451,783
Over 365 days	**196,101**	472,016
	8,073,544	6,797,908

Trade payables due to associates and joint ventures included in trade and bills payables are repayable within 90 days (31 December 2020: 90 days), which represents credit terms similar to those offered by the associate or joint venture to their major customers.

Trade payables are interest-free and are normally settled on terms of 90 to 180 days (31 December 2020: 90 to 180 days).

19 OTHER PAYABLES AND ACCRUALS

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Accruals	**975,624**	766,876
Amounts due to joint ventures	**–**	2,050
Amounts due to associates	**113**	–
Overdue Penalty payable on execution of Forward Purchase Agreement *(Note 23(iii))*	**260,494**	–
Consideration received for partial disposal of a subsidiary *(Note (b))*	**1,000,000**	–
Other tax payables	**189,628**	174,424
Other payables	**587,448**	463,590
Refundable Earnest Money received *(Note (a))*	**1,000,000**	1,000,000
Past Late Payment payable on a borrowing *(Note 20(b))*	**100,000**	–
Payroll and welfare payables	**147,138**	259,412
Liability arising from financial guarantee contracts	**31,578**	19,103
Payables for purchase of property, plant and equipment	**93,629**	93,574
	4,385,652	2,779,029

All the amounts due to joint ventures and associates are unsecured, interest-free and repayable within 180 days (31 December 2020: 180 days).

Note:

(a) 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 (002147.SZSE) (the "**Potential Offeror**"), in relation to a possible conditional voluntary partial cash offer for more than 50% but not exceeding 75% of the issued capital of China High Speed Transmission Equipment Group Co., Ltd.(中國高速傳動設備集團有限公司*) ("**CHS**"), one of the major subsidiaries of the Company whose shares are listed on SEHK, (Stock code: 658) 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 (the "**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 (the "**Refundable Earnest Money**") within 30 days from the date of the Earnest Money Agreement. On 28 September 2018, the relevant parties entered into a supplemental earnest money agreement (the "**Supplemental Earnest Money Agreement**", together with the Earnest Money Agreement, collectively referred to as "**Earnest Money Agreements**") to extend the term of the Earnest Money Agreement, and pursuant to which if, among others, no definitive agreement in respect of the Possible Sale and Purchase was entered into on or before 31 October 2018, the Company shall refund and return in full the earnest money (without any income accrued thereon) to the Potential Offeror (or its nominee) within 15 business days. As at 31 October 2018, no definitive agreement(s) has been entered into among the parties. As such, the Earnest Money Agreements have been automatically terminated.

19 OTHER PAYABLES AND ACCRUALS (Continued)

Note: (Continued)

(a) (Continued)

During the period ended 30 June 2021, given a third party asserted its rights to claim the Refundable Earnest Money, the proprietary interest of the Refundable Earnest Money was controversial. Up to the date of approval of these interim condensed consolidated financial information, the receiver of the Refundable Earnest Money was yet to be identified.

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 payment of the Earnest Money to it. Management of the Group is seeking legal advice and assessing the potential impact of the subject matter, and will vigorously defend against the Arbitration to protect the legitimate rights and interests of the Group.

(b) On 30 March 2021, Nanjing Gear Enterprise Management Co., Ltd.* (南京高齒企業管理有限公司) ("**Nanjing Gear**") and Nanjing High Speed, subsidiaries of the Company, entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with an independent third party, Shanghai Wensheng Asset Management Co., Ltd.（上海文盛資產管理股份有限公司）(the "**Purchaser**"), to dispose of 43% of the equity interests of Nanjing High Speed at a consideration of RMB4,300,000,000 (the "**Equity Transfer**"). On 16 June 2021, all of the conditions precedent stated in the Equity Transfer Agreement were fulfilled, and the first instalment of RMB1,000,000,000 has been received during the six months ended 30 June 2021.

On 15 July 2021, the relevant parties entered into a supplemental agreement pursuant to which the payment schedule of the remaining consideration for the Equity Transfer would be extended. Up to the date of this interim condensed consolidated financial information, the remaining consideration has yet to be received and the Equity Transfer has not yet been completed. The Equity Transfer would be completed upon receipt of all consideration.

Details of the Equity Transfer are set out in the joint announcements of the Company and CHS dated 30 March 2021 and 15 July 2021 and the circulars of each of the Company and CHS dated 26 May 2021 respectively.

20 BANK AND OTHER BORROWINGS

	30 June 2021		31 December 2020	
	Current (Unaudited) *RMB'000*	**Non-current (Unaudited) *RMB'000***	Current (Audited) *RMB'000*	Non-current (Audited) *RMB'000*
Secured				
– Bank loans	**778,006**	**1,140,198**	1,071,695	1,156,352
– Loans from other financial institutions	**613,122**	**234,071**	713,985	289,299
– Loans from other third parties	**355,163**	**713,677**	373,009	713,677
Total secured borrowings	**1,746,291**	**2,087,946**	2,158,689	2,159,328
Unsecured				
– Bank loans	**2,681,386**	**–**	1,828,970	–
– Loans from ultimate holding company	**1,213,352**	**–**	793,235	–
– Loan from a joint venture	**173,519**	**–**	175,529	–
– Loans from other third parties	**463**	**38,151**	63,108	38,273
Total unsecured borrowings	**4,068,720**	**38,151**	2,860,842	38,273
	5,815,011	**2,126,097**	5,019,531	2,197,601

Bank and other borrowings carry interest ranging from 0% to 13.84% (31 December 2020: 0% to 9.50%) per annum. As at 30 June 2021, current loans from ultimate holding company of RMB1,213,352,000 (31 December 2020: RMB793,235,000) are interest-free and current loan from a joint venture of RMB173,519,000 (31 December 2020: RMB175,529,000) carries effective interest rate at 8% (31 December 2020: 8%) per annum.

Bank and other borrowings are repayable as follows:

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Within one year or on demand	**5,815,011**	5,019,531
Between one and two years	**1,421,355**	700,166
Between two and five years	**547,058**	1,319,302
Over five years	**157,684**	178,133
	7,941,108	7,217,132

20 BANK AND OTHER BORROWINGS (Continued)

Notes:

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

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

(ii) 1,520,000,000 shares of the Company.

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

In addition, bank and other borrowings of RMB1,488,514,000 (31 December 2020: RMB1,621,367,000) were guaranteed by Mr. Ji. Bank and other borrowings of RMB1,625,646,000 (31 December 2020: RMB1,659,973,000) were guaranteed by Mr. Ji and a close family member of Mr. Ji.

(b) As at 31 December 2020, a loan from Huarong International Trust Co., Ltd. (the "**Lender**") with principal amounting of RMB500,000,000 ("**Principal**") and respective penalty of RMB93,500,000 ("**Past Late Payment**") was past due. An investment property of the Group is pledged as security.

On 9 March 2021, the Lender intended to auction the creditor's rights of the debt to the Group in accordance with its internal procedure. Pursuant to the laws and regulations of the PRC, the auction is requested to be initiated through respective legal procedure(s). Therefore, after a well communication of its intention with the Group, the Lender took such respective legal action to apply for an open auction of the rights of the respective loan aforesaid. However, such auction met with no response. The Group continued to discuss with the Lender on the settlement of the Principal and the Past Late Payment. Another financial institution ("**Assignee**") has negotiated with the Group to take up the relevant loan from the Lender. Based on the negotiations between the Group and the Assignee at that moment, the Assignee agreed to waive the payment of Past Late Payment if the Group could settle its Principal as well as the respective interest as set out in the repayment schedule and the repayment could be made in full within two years from the signing date of the supplementary agreement. The directors of the Company believe that the Group could repay the debts on schedule, accordingly, no provision in relation to the Past Late Payment has been made in the Group's consolidated financial statements as at 31 December 2020.

During the six months ended 30 June 2021, however, the Assignee did not take up the relevant loan from the Lender nor sign the supplementary agreement with the Group. Therefore, a Past Late Payment of RMB100,000,000 (Note 9) and a default interest of RMB30,689,000 were recognised during the six months ended 30 June 2021. Up to the date of this interim condensed consolidated financial information, the Group is still re-negotiating the repayment schedule with the Lender, while the investment property pledged to the Lender with fair value of RMB1,535,809,000 as at 30 June 2021 is not confiscated by the Lender.

21 DISPOSAL OF SUBSIDIARIES

On 4 November 2020, the Group entered into an agreement with an independent third party to dispose of its 100% equity interests in Rich Unicorn at a consideration of approximately RMB111,015,000. The disposal was completed on 3 March 2021.

In March 2021, the Group entered into an agreement with an independent third party to dispose of its 51% equity interests in Henan Zhongchuan Equipment Co., Ltd.*（河南中傳裝備有限公司）(“**Henan Sino – Transmission**”) at a consideration of RMB32,000,000.

On 28 June 2021, the Group entered into an agreement with an independent third party to dispose of its 70% equity interests in Nanjing Ruisiqi Intelligent Technology Co., Ltd.*（南京瑞思其智能科技有限公司）(“**Ruisiqi**”) at a consideration of RMB561,000. The disposal was completed on 30 June 2021.

On 8 March 2021, the Group entered into an agreement with an independent third party to dispose of its 100% equity interest in Guangzhou Fullshare Top Technology Ltd.*（廣州豐盛榜網絡科技有限公司）(“**Fullshare Top Technology**”) at a consideration of RMB1. The disposal was completed on 31 March 2021.

The assets and liabilities of the subsidiaries at the respective dates of disposal were as follows:

	Rich Unicorn	Henan Sino – Transmission	Ruisiqi	Fullshare Top Technology	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net assets/(liabilities) disposed of comprised:					
– Property, plant and equipment	–	444	27	–	471
– Prepayments	–	–	26	1,841	1,867
– Financial assets at FVOCI	–	50	–	–	50
– Financial assets at FVPL	347,691	–	–	–	347,691
– Trade receivables	–	3,635	1,859	217	5,711
– Other receivables	–	37,659	188	5	37,852
– Inventories	–	330	2,511	–	2,841
– Cash and cash equivalents	77	20,337	1,011	240	21,665
– Trade and bills payables	–	(83)	(1,789)	–	(1,872)
– Other payables and accruals	(7,682)	(34)	(3,322)	(3,076)	(14,114)
– Bank and other borrowings	(231,267)	–	–	–	(231,267)
– Non-controlling interests	–	(30,546)	(153)	–	(30,699)
Net assets/(liabilities) disposed of	108,819	31,792	358	(773)	140,196
Release of exchange reserve upon disposal of a subsidiary	(192,753)	–	–	–	(192,753)
Cash consideration	(111,015)	(32,000)	(561)	–	(143,576)
Gains on disposal of subsidiaries (Note 8)	194,949	208	203	773	196,133
Analysis of cash flows on disposal:					
Consideration received	111,015	32,000	561	–	143,576
Cash and cash equivalents disposed of	(77)	(20,337)	(1,011)	(240)	(21,665)
Net cash inflows/(outflows) from disposals	110,938	11,663	(450)	(240)	121,911

22 CONTINGENT LIABILITIES

As at 30 June 2021, contingent liabilities not provided for in the interim condensed consolidated financial information were as follows:

(i) Mortgage facilities

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Guarantees given to banks in connection with mortgage facilities *(Note)*	**–**	17,411

Note:

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalties owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the Group obtained the "property title certificate" for the mortgagees, or when the Group obtains the "master property title certificate" upon completion of construction. The directors consider that in case of default in payments, the net realisable value of the related properties could cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties.

As at 30 June 2021, no guarantee has been given to banks in connection with mortgage facilities since the Group obtained the "property title certificate" for the mortgages.

(ii) As at 30 June 2021, the Group provided financial guarantees to two associates (31 December 2020: two associates) and three independent third parties (31 December 2020: four independent third parties) in favour of bank loans of RMB1,382,014,000 (31 December 2020: RMB1,440,012,000) and RMB320,000,000 (31 December 2020: RMB841,577,000), respectively. These amounts represented the balances that the Group could be required to be paid if the guarantees were called upon in its entirety. At the end of the reporting period, an amount of RMB31,578,000 (31 December 2020: RMB19,103,000) has been recognised in the interim condensed consolidated information of financial liabilities as liabilities.

22 CONTINGENT LIABILITIES (Continued)

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

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

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

In the opinion of the directors, based on the claim history from the purchaser to the Group and the reimbursement history from the former owner to the Group, the possibility of default or inability of discharging the relevant obligations by the Group is remote. Accordingly, no provision in relation to the guarantee has been made in the Group's consolidated financial statements as at 30 June 2021 and 31 December 2020.

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

In 2019, NGC Transmission Europe GmbH received a claim (the "**Claim**") filed by SET with a total amount of EUR11,713,000 (equivalent to RMB92,019,000) (the "**Claimed Amount**") against NGC Parties for breaches of contractual obligations under the Cooperation Agreement relating to the Project.

Upon the date of the approval of the interim condensed consolidated financial information, the Claim was under trial and has not yet been determined. The independent lawyers engaged by the Group believe that there are solid arguments to rebut the Claim on the merits whilst also see a certain settlement value to this case which would be substantially below 50% of the total Claimed Amount. As at 30 June 2021, based on the assessment of the independent lawyers, a compensation liability amounting to RMB8,066,000 (31 December 2020: RMB8,066,000) was accrued by the management.

(v) On 16 August 2019, it came to the attention of the Company that Mr. Ji was named a defendant in a proceeding involving claim for alleged overdue payments of approximately HKD1,466,000,000 (the "**Proceeding**"). No further information in respect of the Proceeding and the claim thereunder is available as at the date of this interim condensed consolidated financial information. Pursuant to relevant terms of the Group's loan agreements, the Proceeding might be considered as an event of default the occurrence of which will allow the lender to demand accelerated repayments for certain loans of the Group totalling approximately RMB273,156,000 ("**Loan**"). However, up to the date of this interim condensed consolidated financial information, the Group has not received any request from any lender of the Loan for any accelerated repayment. Further, the management of the Company considers that adequate collaterals have been provided to secure the Loan. Accordingly, no adjustment or reclassification of the Loan is made to reflect the impact of the Proceeding.

23 COMMITMENTS

(i) Operating lease arrangement – the Group as lessor

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

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

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Within 1 year	**145,584**	176,163
After 1 year but within 2 years	**123,591**	128,084
After 2 years but within 3 years	**97,347**	90,469
After 3 years but within 4 years	**68,376**	72,146
After 4 years but within 5 years	**54,744**	58,738
After 5 years	**392,442**	350,484
	882,084	876,084

(ii) Capital commitments

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

	30 June 2021 (Unaudited) ***RMB'000***	31 December 2020 (Audited) *RMB'000*
Contracted, but not provided for:		
– Property, plant and equipment	**1,086,861**	438,377
– Capital contributions to associates	**177,000**	177,000
– Capital contributions to joint ventures	**350,000**	350,000
	1,613,861	965,377

(iii) Other commitments

On 9 February 2018, the Company, China Merchants Securities Asset Management Company Limited（招商證券資產管理有限公司）and Ningbo Zhongbang Chanrong Holding Co., Ltd.* (寧波眾邦產融控股有限公司) ("**Ningbo Zhongbang**"), both being limited partners of Ningbo Fengdong Investment Management Partnership Enterprise (Limited Partnership)*（寧波豐動投資管理合夥企業（有限合夥））(the "**Fund**") (collectively referred to as "**Limited Partners**") and Ningbo Zhongxin Wanbang Asset Management Company Limited*（寧波眾信萬邦資產管理有限公司）, being the general partner (the "**General Partner**") of the Fund, entered into a forward sale and purchase agreement ("**Forward Purchase Agreement**"), pursuant to which the Company has conditionally agreed to acquire from each of the Limited Partners their respective interests in the Fund, within 3 years from the date of full payment of the capital contributions made by the Limited Partners and the General Partner (i.e. 12 February 2018) or extended date (the "**Specified Date**") unanimously consented by all parties, at a maximum consideration of approximately RMB3,342,506,567 which was determined with reference to the capital contributions made by the Limited Partners of an aggregate amount of approximately RMB2,630,000,000 and the expected return to be distributed by the Fund in accordance with the terms of the limited partner agreement on the relevant settlement date in accordance with the terms of the Forward Purchase Agreement. In the event of default in executing the Forward Purchase Agreement at the Specified Date, the Company is liable to pay a default penalty, calculated at 0.1% per day of default (the "**Overdue Penalty**").

The object of the Fund is to invest in Shanghai Joyu Culture Communication Company Limited*（上海景域文化傳播股份有限公司）("**Shanghai Joyu**"), or such other companies or businesses as may be agreed by the Limited Partners and the General Partner. Shanghai Joyu is principally engaged in the tourism and vacation businesses and is a one-stop Online to Offline ("**O2O**") service provider in the PRC tourism business. As at 30 June 2021, the Fund invested held approximately 26.33% (31 December 2020: 26.33%) interests in Shanghai Joyu.

On 12 February 2021, the Forward Purchase Agreement was due and the Company was yet to complete the acquisitions. Should Ningbo Zhongbang and the Group come to an agreement that Ningbo Zhongbang utilised the loan principal payable due to the Group of approximately RMB904,315,000 to offset the acquisition obligation of the Company under the Forward Purchase Agreement, the maximum consideration amount due but not yet settled would be approximately RMB2,438,191,000.

In view that the COVID-19 has imposed negative impact on the business condition of Shanghai Joyu, after seeking legal advice, the Group is still in the course of negotiating the contract terms with the Limited Partners and General Partner. Up to the date of approval of this interim condensed consolidated financial information, no supplemental agreement is concluded. Therefore, an Overdue Penalty of RMB260,494,000 (Note 9) and a fair value loss over the Forward Purchase Agreement of RMB539,015,000 has been recognised in this interim condensed consolidated financial information based on the valuation on Shanghai Joyu as at 30 June 2021.

24 PLEDGE OF ASSETS

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

	30 June 2021 (Unaudited) *RMB'000*	31 December 2020 (Audited) *RMB'000*
Property, plant and equipment	**934,559**	1,002,598
Investment properties	**4,918,918**	4,918,918
Right-of-use assets regarding the land use rights	**144,272**	146,068
Financial assets at FVOCI	**952,416**	1,610,035
Properties under development	**704,720**	198,504
Properties held for sale	**194,956**	229,244
Pledged bank deposits	**2,827,702**	1,653,224
	10,677,543	9,758,591

25 EVENTS AFTER THE REPORTING PERIOD

In addition to the supplemental agreement to extend the payment schedule of the remaining consideration for the Equity Transfer and the receipt of the Notice of Arbitration as disclosed in Notes 19 (a) and (b) respectively, the Group had the following transaction subsequent to 30 June 2021.

Disposal of shares of Riyue through open market

In July 2021, Nanjing High Speed (a non-wholly owned subsidiary of CHS) disposed an aggregate of 4,076,000 shares of Riyue through open market in a series of transactions at an aggregate gross proceeds of approximately RMB116,759,000 (exclusive of transaction costs).

Details of the disposal are set out in the announcement of the Company dated 20 July 2021.

BUSINESS REVIEW

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

(1) Property business

(a) Property sales

During the Period Under Review, the Group had contracted sales of approximately Renminbi ("**RMB**") 42,367,000, representing an increase of approximately 109% as compared with the six months ended 30 June 2020 (the "**Corresponding Period of 2020**"). The Group made contracted sales for an aggregate gross floor area ("**GFA**") of approximately 3,612 sq.m., representing an increase of approximately 232% as compared with the Corresponding Period of 2020. The contracted sales for Period Under Review were mainly contributed by Xiangti Villa Project (香醍名邸項目) developed by a Tianjin property development Company which was acquired by the Group in the previous year. As at 30 June 2021, the Group's contracted sales for the contracts signed but properties not yet delivered were approximately RMB2,968,000 with a total GFA of 251 sq.m.. During the Period Under Review, the average contracted selling price was approximately RMB11,729 per sq.m., representing a decrease of approximately 37% as compared with the Corresponding Period of 2020.

As at 30 June 2021, a breakdown of the major properties held by the Group in the People's Republic of China (the "**PRC**") and their construction status was as follows:

Project name	Address	Project type	Construction progress of the project	Expected completion date	Site area *(sq.m.)*	GFA completed *(sq.m.)*	GFA under construction *(sq.m.)*	Accumulated contracted sales GFA *(sq.m.)*	Interest attributable to the Group
Nanjing									
Yuhua Salon (雨花客廳)A1	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	33,606	79,287	–	60,300	100%
Yuhua Salon (雨花客廳)A2	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Hotel and office project	Completed	Completed	30,416	81,380	–	–	100%
Yuhua Salon (雨花客廳)C South	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and commercial project	Completed	Completed	42,639	133,832	–	70,677	100%
Yuhua Salon (雨花客廳)C North	East to Ningdan Road, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Apartment and commercial project	Completed	Completed	48,825	189,193	–	68,575	100%
Lianyungang Shunfeng Project (連雲港順豐項目)#	No. 8 Xinguang Road, Lianyungang District economics development zone, Nanjing, Jiangsu Province, the PRC	Commercial project	Completed	Completed	–	7,571	–	–	100%
Tianjin									
Xiangti Villa (香醍名邸)Phase 2	At the intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Not yet commence construction	Second quarter of 2024	30,932	–	–	–	80%
Xiangti Villa (香醍名邸)Phase 3A	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Completed	Completed	6,644	5,585	–	–	80%
Xiangti Villa (香醍名邸)Phase 3B	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Under construction	Second quarter of 2023	35,521	–	69,448	–	80%
Xiangti Villa (香醍名邸)Phase 4	Intersection of Tuanbo Avenue and Daminghu Road, Tuanbo West District, Tuanbo New City, Jinghai County, Tianjin, the PRC	Residential project	Completed	Completed	28,459	22,758	–	18,374	80%
					257,042	519,606	69,448	217,926	

\# It represents the vacant shops acquired by the Group during the year ended 31 December 2020.

(b) Investment properties

As at 30 June 2021, the investment properties of the Group mainly included Wonder City* (虹悅城), certain units of Yuhua Salon* (雨花客廳), Liuhe Happy Plaza Project* (六合歡樂廣場項目), Nantong Youshan Meidi Garden Project* (南通優山美地花園項目), Huitong Building Project* (匯通大廈項目), Zhenjiang Youshan Meidi Garden Project* (鎮江優山美地花園項目) and Weihai Project* (威海項目).

	Address	Existing use	Term of contract	GFA *(sq.m.)*	Interest attributable to the Group
Nanjing					
Wonder City (虹悅城)	No. 619 Yingtian Da Jie, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	100,605	100%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Office and shopping mall	Medium-term covenant	79,621	100%
Yuhua Salon (雨花客廳) (certain units)	No. 119 Ruanjian Avenue, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	2,704	100%
Liuhe Happy Plaza Project (六合歡樂廣場項目) (two floors)	No. 52-71 Longjinlu, Liuhe District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	18,529	100%
Liuhe Happy Plaza Project (六合歡樂廣場項目) (certain units)	No. 52-71 Longjinlu, Liuhe District, Nanjing, Jiangsu Province, the PRC	Car park	Medium-term covenant	1,628	100%

	Address	Existing use	Term of contract	GFA *(sq.m.)*	Interest attributable to the Group
Nantong					
Nantong Youshan Meidi Garden Project (南通優山美地花園項目)	No. 1888, Xinghu Avenue, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,876	100%
Huitong Building Project (匯通大廈項目)	No. 20, Zhongxiu Street, Nantong, Jiangsu Province, the PRC	Commercial	Medium-term covenant	20,461	100%
Zhenjiang					
Zhenjiang Youshan Meidi Garden Project (鎮江優山美地花園項目)	At the cross of Guyang North Road and Yushan North Road, Jingkou District, Zhenjiang, Jiangsu Province, the PRC	Commercial	Medium-term covenant	10,085	100%
Weihai					
Weihai Project (威海項目)	Block 1, No. 229, Rongshan Road, Chengshan, Rongcheng City, Weihai, Shandong Province, the PRC	Commercial	Medium-term covenant	6,472	100%
				260,981	

(c) *Green building services and entrusted construction services*

During the Period Under Review, the Group engaged in provision of technical design and consulting services, green management services and entrusted construction services in the PRC. During the Period Under Review, the revenue from both green building services and entrusted construction services was approximately RMB5,349,000 (six months ended 30 June 2020: RMB9,740,000).

(2) Tourism business

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

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

The Sheraton project is located in Port Douglas, Queensland, Australia, a globally renowned tourist resort. The Sheraton project comprises the Sheraton Mirage Resort and the Golf Club and has a total of 295 guest rooms, 4 restaurants and bars, and an 18-hole golf course, with a total land lot site area of approximately 1,108,297 sq.m., and a total GFA of approximately 62,328 sq.m..

Since November 2020, the COVID-19 pandemic was well under control in Australia, which, coupled with the local government's restrictions on outbound tourism, has led to a significant increase in the number of local tourists to the Sheraton project. As 30 June 2021, the revenue of the Sheraton and Golf projects has steadily improved and gradually returned to its pre-COVID-19 level. All such revenue came from the local market in Australia.

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

During the Period Under Review, the revenue from tourism business was approximately RMB138,661,000 (six months ended 30 June 2020: RMB29,520,000).

(3) Investment and financial services business

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

(a) Listed equity investments held for trading

The portfolio of listed equity investments of the Group held for trading as at 30 June 2021 and 31 December 2020 is set out as below:

As at 30 June 2021

Stock code	Name	Number of shares held *(Note 2)*	Effective shareholding interest	Acquisition cost *RMB'000*	Carrying amount *RMB'000*	Unrealised holding gain/ (loss) arising on revaluation for the period *RMB'000*	Realised gain/ (loss) arising from the disposal for the period *RMB'000*	Dividend received/ receivable for the period *RMB'000*
153.HK *(Note 1)*	China Saite Group Company Limited	190,120,000	6.29%	88,646	16,444	–	–	–
2098.HK *(Note 1)*	Zall Smart Commerce Group Ltd ("**Zall Group**") *(Note 3)*	–	0%	–	–	(59)	–	–
1708.HK *(Note 1)*	Nanjing Sample Technology Company Limited	–	0%	–	–	–	985	–
					16,444	(59)	985	–

Notes:

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

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

3. During the Period Under Review, the Company completed disposal of entire interest in a subsidiary holding shares of Zall Group, hence as at 30 June 2021, the Group did not hold any share of Zall Group.

As at 31 December 2020

Stock code	Name	Number of shares held *(Note 2)*	Effective shareholding interest	Acquisition cost *RMB'000*	Carrying amount *RMB'000*	Unrealised holding gain/ (loss) arising on revaluation for the year *RMB'000*	Realised gain/ (loss) arising from the disposal for the year *RMB'000*	Dividend received/ receivable for the year *RMB'000*
153.HK *(Note 1)*	China Saite Group Company Limited	190,120,000	6.29%	88,646	16,661	(9.233)	–	–
1908.HK *(Note 1)*	C&D International Investment Group Limited	–	0%	–	–	–	31,234	–
2098.HK *(Note 1)*	Zall Group	587,453,000	4.99%	573,252	351,453	(21,502)	7,639	–
8307.HK *(Note 1)*	Medicskin Holdings Limited	–	0%	–	–	–	(2,959)	–
1708.HK *(Note 1)*	Nanjing Sample Technology Company Limited	631,000	0.08%	918	1,212	394	110	–
					369,326	(30,341)	36,024	–

Notes:

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

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

As at 30 June 2021, the Group did not hold any significant investment with a value greater than 5% of the Group's total assets.

(b) Other investments

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

(c) Investment and financial related consulting services

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

During the Period Under Review, this segment recorded a loss of approximately RMB94,323,000 (six months ended 30 June 2020: RMB386,496,000). The loss was mainly derived from the impairment on certain financial assets. As at 30 June 2021, the total amount of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income held by the Group were approximately RMB1,342,692,000 and RMB5,416,060,000 (31 December 2020: RMB1,694,092,000 and RMB6,570,269,000) respectively.

(4) Healthcare and education business and others

During the Period Under Review, the Group continued to identify appropriate investment opportunities to inject new impetus for the sustainable development of healthcare and education businesses. The revenue of healthcare and education segment was approximately RMB241,127,000 (six months ended 30 June 2020: RMB151,283,000).

(5) New Energy segment

(a) Wind gear transmission equipment

The Group is a leading supplier of wind gear transmission equipment in the PRC. By leveraging on its strong research, design and development capabilities, the Group has a range of products including 1.5MW, 2MW, 3MW, 4MW, 5MW, 6MW, 7MW and 8MW wind power transmission equipment whose technology have reached an internationally advanced technical level and which have been provided to domestic and overseas customers in bulk and are well recognised by customers in general. With the product platform NGC StanGearTM and our core technology platform, we continue to upgrade our product design and computation analysis technology, process manufacturing technology, heat treatment and control technology and the processing technology of precise tooth profiles for the reserve of solid technology foundation for the manufacturing of equipment in MW. In light of market development trend, the Group is actively developing gear boxes in MW and introducing technologies of status monitoring, big data analysis and mobile terminal technology and strives to establish an integrated product and service system of intelligent gear boxes.

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

(b) Industrial gear transmission equipment

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

In recent years, the Group continues to adhere to the strategy for green development of the industrial gear transmission equipment business. With technology as its competitive advantage, the Group has upgraded the technology of the heavy products with a focus on energy-saving and environmentally-friendly products and explored in-depth the heavy-duty transmission field. Meanwhile, the Group has developed modular, serialized and intelligent products which are internationally competitive. Through the characteristics of "complete range, clear layers and precise subdivision" as our products positioning and market positioning, the Group would be able to facilitate its change in sales strategies and to explore new markets and industries. In particular, the Group aims to focus on the research and development of the standard gear box and planetary gear box segment and to explore new markets of the same segment. At the same time, the Group strengthened its efforts to provide and sell parts and components of relevant products as well as comprehensive system solutions to its customers, helping them to enhance their current production efficiency 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 industrial gear transmission equipment market.

(c) Rail transportation gear transmission equipment

The Group's rail transportation gear transmission equipment is widely used in the rail transportation fields such as high-speed rails, metro lines, urban train and tram. The Company has established long-term cooperative relationships with many well-known domestic and foreign companies in the industry. The Group has obtained ISO/TS 22163 Certificate for the Quality Management System of International Railway Industry for its rail transportation gear transmission equipment products, which has laid a solid foundation for further expansion in the international rail transportation market. Currently the products have been successfully applied to rail transportation transmission equipment in Beijing, Shanghai, Shenzhen, Nanjing, Hong Kong and other cities in China and have also been successfully applied to rail transportation transmission equipment in multiple countries and regions such as Singapore, Brazil, Netherlands, India, Mexico, Tunisia, Australia, Canada and France. With optimized gearbox design technology, excellent sealing technology and effective control of the production process, the Company's rail transportation gear transmission equipment is more environmentally friendly, and the products are well received by users.

(d) Trading business

The trading business of the Group mainly focuses on bulk commodity and steel industry chain. The bulk commodity trading business mainly involves the procurement and wholesale of refined oil and electrolytic copper. During the Period under Review, the bulk commodity trading business accounted for approximately 70% in the trading business. The trading business in steel industry chain mainly involves the procurement and wholesale of coal and coke (the raw material of steel), and the procurement and wholesale of steel. During the Period under Review, the trading business in steel industry chain accounted for approximately 30% in the trading business. The Group's trading business in steel industry chain takes core resources of its trade system as a key point in expanding its system. At present, the Group has completed the preliminary resource integration of the steel industry from the upstream raw material to special steel, which promotes the development of the trading business.

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by approximately RMB5,367,885,000, or 93%, from approximately RMB5,783,484,000 for the Corresponding Period of 2020 to approximately RMB11,151,369,000 for the Period Under Review. The revenue and the changes for the Period Under Review and Corresponding Period of 2020 derived from different segments are listed as follows:

Segment	Period Under Review	Corresponding Period of 2020	Changes	
	RMB'000	*RMB'000*	*RMB'000*	*percentage*
Properties	162,164	124,364	37,800	30%
Tourism	138,661	29,520	109,141	370%
Investment and financial services	7,910	9,521	(1,611)	(17)%
Healthcare and education and others	241,127	151,283	89,844	59%
New Energy	10,601,507	5,468,796	5,132,711	94%
Total Revenue	11,151,369	5,783,484	5,367,885	93%

The increment of the revenue of the Group was mainly derived from new energy segment which contributed the largest increment to the revenue of Group amounting to approximately RMB5,132,711,000. It was mainly due to the increase in market demands of wind gear transmission equipment and trading business in bulk commodity and steel industry chain which led to the increase in delivery.

The revenue from education segment increased by approximately RMB89,844,000. It is because during the Corresponding Period of 2020, the outbreak of COVID-19 pandemic caused Australia government to implement a short-term policy which set a cap on the fee charged by the early learning centre. In addition, the health concern and increasing unemployment rate brought an adverse impact on the demand for early learning centre services. With the effective control of the spread of COVID-19 pandemic by the Australian government, the demand for early learning centre services improved gradually which resulted in an increase in revenue during the Period Under Review.

The revenue from tourism segment also increased by approximately RMB109,141,000. It is because during the Corresponding Period of 2020, the outbreak of COVID-19 pandemic led to the slump in the demands of travelers under the travel restrictions imposed by different countries. Though the travel restrictions were still tight, the effective control of the spread of COVID-19 in Australia and the accumulated desire for travelling promoted the demand for staycation locally. As a result, the revenue increased during the Period Under Review.

The revenue from properties segment increased slightly by approximately RMB37,800,000 which was mainly because more property units were delivered and more rental income earned during the Period Under Review.

Cost of sales and services

The cost of sales and services of the Group increased by approximately RMB4,645,389,000, or 101%, from approximately RMB4,580,148,000 for the Corresponding Period of 2020 to approximately RMB9,225,537,000 for the Period Under Review. The cost and changes for the Period Under Review and Corresponding Period of 2020 derived from different segments are listed as below:

Segment	Period Under Review	Corresponding Period of 2020	Changes	
	RMB'000	*RMB'000*	*RMB'000*	*percentage*
Properties	125,690	94,115	31,575	34%
Tourism	103,933	48,466	55,467	114%
Investment and financial services	1,031	3,332	(2,301)	(69)%
Healthcare, education and others	191,690	122,793	68,897	56%
New energy	8,803,193	4,311,442	4,491,751	104%
Total cost	9,225,537	4,580,148	4,645,389	101%

Gross profit and gross profit margin

The gross profit of the Group increased by approximately RMB722,496,000, or 60%, from approximately RMB1,203,336,000 in the Corresponding Period of 2020 to approximately RMB1,925,832,000 for the Period Under Review. The gross profit margin decreased from 21% in the Corresponding Period of 2020 to 17% for the Period Under Review. The gross profit of the Group was mainly derived from new energy segment. The gross profit and gross profit margin for the Period Under Review derived from new energy segment was approximately RMB1,798,314,000 and 17% respectively. The gross profit and gross profit margin in the Corresponding Period of 2020 derived from new energy segment were RMB1,157,354,000 and 21% respectively. The increase in gross profit of new energy segment was mainly due to the increase in the market demand of wind gear transmission equipment and products under the trading business while the decrease of gross profit margin was the result of increase in the proportion of trading business with lower gross profit margin.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately RMB46,453,000, or 23%, from approximately RMB199,043,000 in the Corresponding Period of 2020 to approximately RMB245,496,000 for the Period Under Review. The selling and distribution expenses mainly comprised of product packaging expenses, transportation expenses and staff costs. The increase in selling and distribution expenses in the Period Under Review was mainly in line with the increase in revenue from new energy segment.

Administrative expenses

Administrative expenses of the Group increased by approximately RMB322,771,000, or 72%, from approximately RMB449,314,000 in the Corresponding Period of 2020 to approximately RMB772,085,000 for the Period Under Review. The administrative expenses for the Period Under Review mainly included salaries and staff welfare, provision for penalty, depreciation and amortization of tangible and intangible assets. The significant increase in the administrative expenses during the Period Under Review was mainly due to the provision for penalty for late payment of a loan and failure to execute a forward purchase agreement on due date.

Research and development costs

Research and development costs of the Group increased by approximately RMB218,627,000, or 94%, from approximately RMB232,380,000 in the Corresponding Period of 2020 to approximately RMB451,007,000 for the Period Under Review. The increased in research and development costs mainly due to increase in efforts put on research and development of new products in new energy segment.

Net impairment losses on the financial assets and financial guarantee contracts

The net impairment loss on the financial assets and financial guarantee contracts of the Group in the Period Under Review decreased by approximately RMB284,755,000 or 56%, from approximately RMB512,665,000 for the Corresponding Period of 2020 to approximately RMB227,910,000 for the Period Under Review. A significant net impairment losses has been recognised in previous years due to the increment of the expected loss rate of loans and other receivables in view of delayed repayments and continuous worsening financial status of certain borrowers or debtors.

Other income

Other income increased by approximately RMB140,331,000, or 84%, from approximately RMB166,187,000 in the Corresponding Period of 2020 to approximately RMB306,518,000 for the Period Under Review. Other income for the Period Under Review mainly included bank and other interest income of approximately RMB162,932,000 and dividend income of approximately RMB23,604,000. Other income in the Corresponding Period of 2020 mainly included bank and other interest income of approximately RMB68,354,000.

Net fair value change in financial instruments

The Group maintains its investment segment through possessing and investing in various investment and financial products for potential or strategic use purposes. The Group recorded a loss on change in fair value of financial instruments of approximately RMB513,976,000 for the Period Under Review as compared to the gain on change in fair value of approximately RMB11,132,000 in the Corresponding Period of 2020. The fair value change during the Period Under Review was mainly derived from derivative financial instruments in respect of a forward contract to acquire an entity, principal activity of which is engaged in tourism business. In adjusting the investment portfolio, most of the listed equity recorded as fair value through profit or loss has been disposed of. Accordingly, the fair value change impact derived from listed equity is relatively moderate for the Group.

Finance costs

Finance costs of the Group decreased by approximately RMB52,950,000, or 15%, from approximately RMB344,363,000 in the Corresponding Period of 2020 to approximately RMB291,413,000 for the Period Under Review, which was mainly due to the lower average borrowing amount of the Group for the Period Under Review than in the Corresponding Period of 2020.

Share of result of joint ventures

The Group's share of profit from its joint ventures amounted to approximately RMB17,119,000 for the Period Under Review as compare with share of loss of approximately RMB5,133,000 in the Corresponding Period of 2020. It is mainly due to better performance of investees being recorded during the Period Under Review.

Income tax expense/credit

For the Period Under Review, the current tax expense and the deferred tax credit of the Group amounted to approximately RMB196,585,000 and RMB32,592,000 respectively, and in the Corresponding Period of 2020, the current tax expense and the deferred tax credit amounted to approximately RMB73,450,000 and RMB118,318,000 respectively.

The increase in current tax during the Period Under Review was mainly in line with more profits generated by new energy segment.

The deferred tax credit for the Period Under Review and Corresponding Period of 2020 was mainly derived from the net impairment losses on financial assets and tax losses recognised.

Loss for the Period Under Review

For the Period Under Review, the Group recorded a loss after tax of approximately RMB365,808,000 while in the Corresponding Period of 2020, the Group recorded a loss after tax of approximately RMB587,185,000. The operating performance for Period Under Review improved which was mainly due to the significant increase in operating profits from new energy segment. However, the positive impact brought by new energy segment was offset by impairment losses on financial assets recognised and provision for penalty and fair value loss of derivative financial instrument.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

Cash position

As at 30 June 2021, the Group had cash and cash equivalents (excluding the restricted cash) of approximately RMB3,257,595,000 (31 December 2020: RMB2,490,570,000), representing an increase by approximately RMB767,025,000 or 31% as compared to 31 December 2020. The Group's cash and cash equivalents remain stable. The Group regularly and closely monitors its funding and treasury position to meet the funding requirements of the Group.

Bank and other borrowings

The debt profile of the Group as at 30 June 2021 and 31 December 2020 was analysed as follows:

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
Bank and other borrowings repayable:		
Within one year or on demand	**5,815,011**	5,019,531
Between one and two years	**1,421,355**	700,166
Between two to five years	**547,058**	1,319,302
Over five years	**157,684**	178,133
Total debts	**7,941,108**	7,217,132

As at 30 June 2021, the total debt of the Group increased by approximately 723,976,000 or 10%, as compared with 31 December 2020.

Leverage

The gearing ratio of the Group as at 30 June 2021, calculated as a ratio of the sum of bank and other borrowings to total assets, was approximately 17% (31 December 2020: 17%). The net equity of the Group as at 30 June 2021 was approximately RMB20,058,201,000 (31 December 2020: approximately RMB20,796,980,000).

As at 30 June 2021, the Group recorded total current assets of approximately RMB23,779,025,000 (31 December 2020: RMB22,016,575,000) and total current liabilities of approximately RMB21,634,482,000 (31 December 2020: RMB18,422,573,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.1 as at 30 June 2021 (31 December 2020: 1.2).

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

As at 30 June 2021, bank and other borrowings of approximately RMB6,648,840,000, RMB998,823,000, RMB29,723,000 and RMB263,722,000 were denominated in RMB, US dollars, Hong Kong dollars and Australia dollars respectively (31 December 2020: RMB5,853,810,000, RMB888,499,000, RMB202,330,000 and RMB272,493,000). The debts in various currencies were mainly made to finance the operation of Group's entities in different jurisdictions.

Bank and other borrowings of approximately RMB5,372,161,000 (31 December 2020: RMB5,649,084,000) were at fixed interest rates, the remaining balances were either at variable rates or non-interest bearing. Cash and cash equivalents held by the Group were mainly denominated in RMB, Hong Kong and Australia dollars. The Group currently does not have foreign exchange and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

PLEDGE OF ASSETS

Details of the Group's pledged assets as at 30 June 2021 are set out in note 24 to the interim condensed consolidated financial information in this announcement.

OPERATING SEGMENT INFORMATION

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

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 30 June 2021 are set out in note 23 to the interim condensed consolidated financial information in this announcement.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 30 June 2021 are set out in note 22 to the interim condensed consolidated financial information in this announcement.

SUBSEQUENT EVENTS

Details of the subsequent events of the Group after 30 June 2021 are set out in note 25 to the interim condensed consolidated financial information in this announcement.

PROSPECT

In the second half of 2021, the Group will continue focusing on the development of its existing business sectors. Based on the idea of building up the industrial platform, the Group will operate and integrate resources on the resource end and platform end of self-support, equity participation and cooperation, so as to form an industrial platform with complete industrial hierarchy, business synergy and transaction logic. The Group will keep a close eye on high-quality health projects and real estate projects in the market including but not limited to commercial properties, residential properties and tourism properties, and make steady investments in a good timing to yield satisfactory investment return. The Group firmly believes that a diversified business portfolio will bring it sustained and stable revenue, whereas various businesses will also fully utilize the synergy effect, laying a solid foundation for the development of the Group.

The Group will continue striving to maintain a sound financial management policy, improve the effective utilization rate of funds, strengthen the internal corporate governance, control both business and financial risks and enhance its risk-resistant ability.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES OR JOINT VENTURES

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

Nanjing Gear Enterprise Management Co., Ltd.*（南京高齒企業管理有限公司）(as vendor, an indirect wholly-owned subsidiary of CHS, which in turn is the indirect non-wholly owned subsidiary of the Company) (the "**Vendor**") and Nanjing High Speed Gear Manufacturing Co., Ltd.*（南京高速齒輪製造有限公司）("**Nanjing High Speed**", a direct non-wholly owned subsidiary of the Vendor) (as target company) (i) entered into an equity transfer agreement (the "**Equity Transfer Agreement**") with Shanghai Wensheng Asset Management Co., Ltd.（上海文盛資產管理股份有限公司）(the "**Purchaser**") on 30 March 2021, and (ii) entered into a supplemental agreement to the Equity Transfer Agreement with the Purchaser and Nanjing High Speed and Shanghai Qiwo Enterprise Management Partnership (Limited Partnership)*（上海其沃企業管理合夥企業(有限合夥)）on 15 July 2021, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase 43% equity interest in Nanjing High Speed at a consideration of RMB4,300,000,000 (the "**Disposal**").

As at the date of this announcement, the Disposal is yet to be completed pursuant to the Equity Transfer Agreement and its supplemental agreement. Upon completion of the Disposal, Nanjing High Speed will continue to be an indirect non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated with financial results of the Group.

Details of the Disposal were set out in the joint announcements made by the Company and CHS dated 30 March 2021, 30 April 2021, 21 May 2021 and 15 July 2021, the circular of the Company dated 26 May 2021 and the circular of CHS dated 26 May 2021, respectively.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

EMPLOYEES

As at 30 June 2021, the Group had 8,409 employees (31 December 2020: 8,311 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB1,046,870,000 for the Period Under Review (for the six months ended 30 June 2020: approximately RMB841,779,000). Employees' remunerations are determined according to the Group's operating results, job requirements, market salary level and ability of individuals. The Group regularly reviews its remuneration policy and additional benefit programs and makes necessary adjustments to bring them in line with the industry level. In addition to basic salaries, the Group has established revenue sharing programs and performance appraisal plans to provide rewards according to the Group's results and employees' individual performance. The Group has also adopted a share option scheme and a share award scheme to promote the implementation of enterprise culture of co-creation and co-sharing and procure the core employees of the Company to focus on long-term operation performance, as well as to attract, retain and impel core talents.

CORPORATE GOVERNANCE CODE

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

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

AUDIT COMMITTEE REVIEW

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

By Order of the Board
Fullshare Holdings Limited
JI CHANGQUN
Chairman

Hong Kong, 31 August 2021

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

* *For identification purposes only*