豐盛
FULLSHARE

Fullshare Holdings Limited
豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 00607

ANNUAL REPORT
2024

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Ji Changqun *(Chairman and CEO)*
Ms. Du Wei
Mr. Shen Chen
Mr. Ge Jinzhu

Independent Non-executive Directors
Mr. Lau Chi Keung
Mr. Tsang Sai Chung
Mr. Huang Shun

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Level 8, K11 ATELIER King's Road
728 King's Road, Quarry Bay, Hong Kong

COMPANY SECRETARY

Ms. Seto Ying

AUTHORISED REPRESENTATIVES

Mr. Shen Chen
Ms. Seto Ying

AUDIT COMMITTEE

Mr. Huang Shun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

REMUNERATION COMMITTEE

Mr. Lau Chi Keung *(Chairman)*
Ms. Du Wei
Mr. Tsang Sai Chung

NOMINATION COMMITTEE

Mr. Ji Changqun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

RISK MANAGEMENT COMMITTEE

Mr. Shen Chen *(Chairman)*
Mr. Ge Jinzhu
Mr. Tsang Sai Chung

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Ms. Du Wei *(Chairman)*
Mr. Shen Chen
Mr. Tsang Sai Chung

PRINCIPAL BANKERS

China CITIC Bank Corporation Limited
Bank of Communications Co., Ltd.
Industrial and Commercial Bank of China Limited
Bank of China (Hong Kong) Limited
Bank of Jiangsu Co., Ltd
Agricultural Bank of China Limited
China Merchants Bank Co., Ltd.

HONG KONG LEGAL ADVISER

Chiu & Partners

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit C1, 26th Floor
United Centre
95 Queensway
Admiralty, Hong Kong

PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

BRANCH SHARE REGISTRAR IN HONG KONG

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16 Harcourt Road
Hong Kong

WEBSITE

www.fullshare.com

STOCK CODE

00607

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Ji Changqun ("Mr. Ji"), aged 56, was appointed as an executive director, the chief executive officer and the chairman of the board (the "**Board**") of directors (the "**Director(s)**") of Fullshare Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") on 12 December 2013. He is the chairman of nomination committee of the Board (the "**Nomination Committee**"). Mr. Ji is the sole director of Magnolia Wealth International Limited, a substantial shareholder of the Company. Mr. Ji is responsible for the Group's strategic control, operation management, organization development and investment and financing management. Mr. Ji has over 16 years of management experience in the real estate industry in the People's Republic of China ("**PRC**"). He was a director of certain subsidiaries of the Company. Mr. Ji studied the courses for postgraduates majoring in management science and engineering in Southeast University from September 2003 to September 2005. Mr. Ji obtained a master's degree majoring in business administration from Macau University of Science and Technology in June 2006. Mr. Ji is a PRC senior engineer and senior economist. Mr. Ji holds a lot of social positions, including the chairman of Anhui Chamber of Commerce of Jiangsu Province (江蘇省安徽商會), the honorary chairman of the board of Nanjing University of Chinese Medicine, the dean of Fullshare Health College (豐盛健康學院) of Nanjing University of Chinese Medicine, the honorary chairman of Singapore Chinese Medicine College, etc.

Ms. Du Wei ("Ms. Du"), aged 44, was appointed as an executive Director on 7 July 2018. She is the chairman of environmental, social and governance committee (the "**ESG Committee**") and a member of remuneration committee (the "**Remuneration Committee**") of the Board. Ms. Du is responsible for assisting the chief executive officer of the Company with the functional management and strategic planning relating to human resources of the Group and hosting general meetings and board meetings of the Company. Ms. Du obtained a bachelor of tourism management degree and a master of business administration degree from Nanjing Normal University, the PRC, in 2002 and 2014, respectively. Ms. Du has more than 22 years' experience in human resources and administration management. From 2008 to 2012, Ms. Du worked in certain subsidiaries of Fullshare Group Limited as human resources and administration manager. From 2012 to August 2016, Ms. Du worked as the officer of chairman's office and human resources director of Fullshare Group Limited. Since 1 September 2016, she has been and is currently an officer of the human resources management committee of the Company. Since 1 April 2018, Ms. Du has been appointed as the general manager of Fullshare Holdings (Singapore) Service Management Pte Ltd, a wholly-owned subsidiary of the Company. Ms. Du is also a director of certain subsidiaries of the Company.

Mr. Shen Chen ("Mr. Shen"), aged 53, was appointed as an executive Director on 23 October 2019. He is the chairman of the risk management committee (the "**Risk Management Committee**") and a member of the ESG Committee of the Board. He joined the Group in November 2018 and was appointed as the financial controller of the Company in June 2019. Mr. Shen is responsible for the financial reporting and financial management of the Group and participates in investment decisions. He obtained a diploma in accounting from Nanjing Economic College (currently known as Nanjing University of Finance and Economics) in 1994 and obtained a bachelor degree in economic management from Correspondence Institute of the Party School of the Central Committee of the Communist Party of China* (中共中央黨校函授學院) in 2000. Mr. Shen holds the professional qualification of senior accountant. He was the financial controller of Nanjing JoyMain Science and Technology Development Co., Ltd.* (南京中脈科技發展有限公司) from August 1994 to July 2011. He was the vice president of Jiangsu Ruiheng Asset Management Co., Ltd.* (江蘇瑞恒資產管理有限公司) from July 2011 to April 2012. He was the financial controller of Nanjing Jiangong Industrial Group Co., Ltd.* (南京建工產業集團有限公司) ("**Nanjing Jiangong Industrial**") and Fullshare Technology Group Limited* (豐盛科技集團有限公司) from April 2012 to May 2013. He was the financial controller of Fullshare Green Building Group Company Limited* (豐盛綠建集團有限公司) and Nanjing Fullshare Energy Science & Technology Company Limited* (南京豐盛新能源科技股份有限公司) from May 2013 to November 2018. Mr. Shen is a director of a wholly-owned subsidiary of the Company.

Biographical Details of Directors and Senior Management

Mr. Ge Jinzhu ("Mr. Ge"), aged 40, was appointed as an executive Director on 24 June 2022. He is a member of Risk Management Committee. He joined the Group in September 2020 and is the assistant to chief executive officer of the Company. He has over 10 years of internal control experience. Mr. Ge is responsible for assisting the chief executive officer of the Company with the designated projects, and assisting in functional management, including internal control related duties. He was the internal auditor of China Sunergy (Nanjing) Co., Ltd. *（中電電氣（南京）光伏有限公司）from August 2009 to May 2010. He successively served as audit supervisor, audit manager and senior audit manager of Nanjing Jiangong Industrial from June 2010 to August 2020. Mr. Ge obtained a bachelor's degree in management, majoring in accounting, from Xi'an University of Technology, the PRC in 2006. He is currently a postgraduate student of master degree in business administration in Southeast University. He is a certified internal auditor of The Institute of Internal Auditors since 2011. Mr. Ge is a supervisor of certain subsidiaries of the Company.

Independent Non-executive Directors

Mr. Lau Chi Keung ("Mr. Lau"), aged 76, was appointed as an independent non-executive Director on 12 December 2013. He is the chairman of Remuneration Committee and a member of Nomination Committee and audit committee (the "**Audit Committee**") of the Board. Mr. Lau has over 50 years of management experience in the real estate industry in the PRC and in Hong Kong. Mr. Lau obtained a higher diploma majoring in surveying/building technology from Hong Kong Technical College (currently known as Hong Kong Polytechnic University) in 1970. Mr. Lau was admitted as a fellow member of each of the Hong Kong Institute of Surveyors and the Royal Institution of Chartered Surveyors respectively in 1987. Mr. Lau was appointed as a director of Henderson Investment Limited in 1995 and was appointed as a director of Henderson China Development Limited in 2005. Mr. Lau was an independent non-executive director of Novautek Technologies Group Limited (formerly known as Applied Development Holdings Limited) ("**Novautek**") (stock code: 519), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), from September 2016 to December 2021. Mr. Lau served in many social positions, including a member of the Construction Industry Training Authority, a member of the Disciplinary Panel of Hong Kong Institute of Surveyors, a member of the Appeal Tribunal Panel of Planning and Lands Branch, Development Bureau of Government Secretariat, a member of the Administrative Appeals Board from 2003 to 2009 and an external examiner of the University of Hong Kong – B.Sc. (Hons) Degree in Surveying from 1998 to 2001 and the Hong Kong Polytechnic University – B.Sc. (Hons) programme in Building Surveying from 2005 to 2007 respectively. Mr. Lau was awarded the titles of "Justice of the Peace" by the Hong Kong government in 2001 and "Medal of Honour" by the Hong Kong government in 2005.

Mr. Tsang Sai Chung ("Mr. Tsang"), aged 61, was appointed as an independent non-executive Director on 12 December 2013. He is a member of Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and ESG Committee. Mr. Tsang obtained a bachelor's degree of arts from the University of Hong Kong and then later on completed the Postgraduate Certificate in Laws programme there. Mr. Tsang undertook his trainee programme and worked as an associate of Baker & McKenzie. He then moved to in house with various companies and worked as an executive director, general counsel and company secretary of HKC (Holdings) Limited, a company formerly listed on the Main Board of the Stock Exchange. Mr. Tsang was the general counsel and company secretary of Sa Sa International Holdings Limited (stock code: 178) and Pacific Century Premium Developments Limited (stock code: 432) respectively. Sa Sa International Holdings Limited and Pacific Century Premium Developments Limited are companies listed on the Main Board of the Stock Exchange.

Mr. Huang Shun (formerly known as Mr. Huang Mingshun) ("**Mr. Huang**"), aged 51, was appointed as an independent non-executive Director on 30 December 2021. He is the chairman of Audit Committee. He has over 20 years of accounting experience. Mr. Huang was the project manager in Nanjing Yongda Certified Public Accountants Co., Ltd.*（南京永達會計師事務所有限公司）from July 1998 to October 2003. He serves as the chairman and chief accountant of Jiangsu Verti-Hor Certified Public Accountants Co., Ltd.（江蘇縱橫會計師事務所有限公司）since November 2003. From August 2016 to June 2022, he was the independent non-executive director of Huitongda Network Co., Ltd. (stock code: 9878), a company listed on the Main Board of the Stock Exchange since March 2022. Mr. Huang obtained a bachelor's degree in economic management in 1998 and a bachelor's degree in law in 2003 from Nanjing University, the PRC, respectively. He has been a member of the Chinese Institute of Certified Public Accountants since 1999.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Shi Zhiqiang (“Mr. Shi”), aged 49 is the vice president of the Company. Mr. Shi is responsible for commercial project management and assisting the chief executive officer of the Company with the special investment projects of the Group and other designated projects. Mr. Shi obtained a diploma majoring in financial accounting issued by the Township Enterprise Management Institution organised by the Department of Agriculture of the PRC, and completed the executive administration programme organised by Southeast University in 2015. Mr. Shi is a PRC accountant and an international certified internal auditor. Mr. Shi worked as the financial controller of Jiangsu Zhongda Communication Industry Co., Limited* (江蘇中大通信實業有限公司) from December 2004 to July 2005. Mr. Shi worked as the deputy manager of financial management department, audit manager, audit director and chief financial officer of Nanjing Jiangong Industrial from July 2005 to March 2011. Mr. Shi worked as a director of Nanjing Jiangong Industrial from June 2011 to April 2013 and the assistant to the chairman of Nanjing Jiangong Industrial from March 2011 to January 2013. Mr. Shi is also a director of a subsidiary of the Company. Mr. Shi was an executive Director of the Company from November 2013 to July 2018.

Mr. Wang Bo (“Mr. Wang”), aged 44, is the vice president of the Company. Mr. Wang is responsible for investment, operation and management of education segment of the Group, and other designated projects. Mr. Wang obtained a bachelor of laws degree from Nanjing Economic College (currently known as Nanjing University of Finance and Economics) in 2001, a master of laws degree from Nanjing University in 2004 and a Juris Doctor degree from Duke University, the United States of America (“**USA**”) in 2007. He also obtained Legal Profession Qualification of PRC in 2002. Mr. Wang worked as an associate and a senior associate of King & Wood Mallesons from 2007 to 2010 and a manager of Legal Department of DBS Bank (China) Limited Shanghai Branch from 2010 to 2011. From March 2011 to September 2014, Mr. Wang worked as the general manager of Fullshare Group Limited and the director and the managing director of Fullshare International Group Limited. Mr. Wang was a director of Fullshare Group Limited from March 2011 to February 2022. Mr. Wang is also a director of certain subsidiaries of the Company. Mr. Wang was an executive Director of the Company from September 2014 to October 2019. Mr. Wang was the chairman of the board and a non-executive director of Novautek (stock code: 519), a company listed on the Main Board of the Stock Exchange, during the period from September 2016 to December 2017.

Mr. Wang was the sole shareholder, the director and the legal representative of Nanjing Mei Xun Industrial and Trade Co., Ltd.* (南京美迅工貿實業有限公司) (“**Nanjing Mei Xun**”), a company which was established in Nanjing in June 2004 and has remained dormant since then. The business licence of Nanjing Mei Xun was revoked by Nanjing Administration for Industry and Commerce due to its failure to participate in the annual inspection carried out by Xuanwu Branch of Nanjing Administration for Industry and Commerce for the year of 2010 within the prescribed time. To the best knowledge and belief of Mr. Wang, the local staff of Nanjing Mei Xun was responsible for handling daily operation including the annual inspection of Nanjing Mei Xun. Mr. Wang was not aware of any such information that the annual inspection had not been done by the local staff. To the best knowledge of Mr. Wang, Nanjing Mei Xun had not received any fine or penalty as a result of such revocation of business licence.

Biographical Details of Directors and Senior Management

Mr. Zhou Fei ("Mr. Zhou"), aged 43, joined the Company in August 2016 and is the assistant to chief executive officer of the Company. Mr. Zhou is responsible for the legal management of the Company. He obtained a bachelor of laws degree from School of Law, Southeast University in 2003 and a master of laws degree from School of Law, University of Connecticut, the USA in 2006. He obtained Legal Profession Qualification of PRC in 2004 and is also a qualified lawyer in the State of New York of the USA. Mr. Zhou has over 10 years of experience practicing as a lawyer and has extensive experience in corporate law, PRC-related public and private mergers and acquisitions and capital market transactions. He worked as an associate of the capital markets group in the Shanghai office of Baker & McKenzie from 2007 to 2016.

Ms. Seto Ying ("Ms. Seto"), aged 48, was appointed as the company secretary of the Company on 12 December 2013. Ms. Seto is responsible for the information disclosure management, investor relations and company secretarial matters of the Group. Ms. Seto obtained a bachelor's degree majoring in business administration in accountancy from the Chinese University of Hong Kong in 1998. Ms. Seto is a fellow member of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants and a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Seto has more than 20 years of experience in the field of finance and company secretarial matters including working in an international accounting firm. Ms. Seto is a director of certain subsidiaries of the Company.

* *For identification purpose only*

Chairman's Statement

Based on the concepts of sustainable society, sustainable business, sustainable industry and sustainable investment, Fullshare Holdings Limited ("**Fullshare**" or the "**Company**", together with its subsidiaries, the "**Group**") has formulated and adhered to corporate environmental, social and governance sustainability strategies to maintain and drive the stable development of its businesses in the areas of green energy equipment, health and medical services, property development operations, and wellness and leisure life, and industrial finance and investment. The Company is committed to providing green, healthy and high-quality products and services to customers around the world to realize a greener, healthier and better social life.

Dear Shareholders, investors and partners,

In 2024, Fullshare maintained the overall operational stability of the Company's main business and core industries through various means, including actively optimizing internal organization and management, upgrading project operation capabilities and strengthening asset operation efficiency. In 2024, the Company's revenue for the year was RMB23,147,916,000, representing a decrease of 6.8% compared to the previous year; and as of 31 December 2024, total assets amounted to RMB45,048,057,000, representing a decrease of 17.4% compared to the previous year.

GREEN SEGMENT

Against the backdrop of the dual-carbon target, the development of the wind power and new energy industry remained stable. In 2024, China High Speed Transmission Equipment Group Co., Ltd. ("**CHS**"), a subsidiary of the Company, has overcome the adverse effects of the overall environment, such as the restriction on the growth rate of industry investment and the increase in the prices of raw materials and composite costs, and further strengthened the globalization strategy through technological innovation and optimization of the production, service and market presence. It was honored as one of the Top 500 Chinese Private Manufacturing Enterprises, one of the Top 100 Private Manufacturing Enterprises in Jiangsu Province, an Outstanding Contributing Enterprise with 500 Million Kilowatts of Wind Power Installation in China, and the Enterprise Technological Innovation Award in Jiangsu Province, and achieved revenue for the year amounting to RMB22,075,470,000.

In the field of wind power, as a leading enterprise in China's wind power gear transmission equipment, the Company's product technology has reached the international advanced level, and it is the leader of offshore large megawatt wind power gear transmission equipment products and technology. The Company's products cover the full range of 1.5MW-20+MW wind gear box 13.6MW-20MW and other large megawatt offshore wind gear transmission equipment products have been delivered to customers in bulk. At present, CHS has delivered more than 108,000 sets of wind power main gearboxes and more than 620,000 sets of yaw/pitch gearboxes globally.

In 2024, the rail transportation business continued to make technological and market breakthroughs. It has obtained ISO/TS 22163 Certificate for the Quality Management System of International Railway Industry, CRCC Certification for Railway Products and Silver Certificate for "IRIS" System for three consecutive years. To date, CHS has more than 60,000 metro gearboxes in operation worldwide

HEALTH SEGMENT

Fullshare has always been concerned about the synergistic development of Chinese medicine and health with its own industry, and actively explores the integration of AI artificial intelligence and technological hardware with traditional Chinese medicine. The Southern Traditional Chinese Medicine Fullshare Health City* (南中醫豐盛健康城), which is managed and operated by the Company, has built a park business system with "TCM healthcare" as the core, "non-drug therapy" as its characteristics, and "healthy meals and wellness hotels" as the supplement relying on the Southern Traditional Chinese Medicine outpatient clinics. Through a team of hundreds of TCM experts, we provide comprehensive healthcare services to about 350,000 people every year.

Chairman's Statement

In 2024, the two major commercial complexes operated by the Company, namely Yuhua Salon*（雨花客廳）and Wonder City*（虹悅城）, performed steadily on various key operating indicators under the pressure of the general downgrading of overall commercial consumption and their operating efficiency continued to lead Nanjing's commercial and leisure complexes, with Wonder City being awarded as the first "Waste-Free Shopping Mall" in Nanjing. The occupancy rate and customer satisfaction of Grand Wuji Hotel operated by the Company further improved, and it has won the "China Culture and Tourism Starlight Award", which is also known as the Oscar of Chinese hotels, and the honor of Health and Wellness Hotel of the Year and the "New Consumption Media 2024 Selected Healing Hotel". Its Sheraton Resort in Australia, won the 2024 Travel + Leisure Asia Pacific Luxury Award, the Food & Beverage Industry Award 2024, and the Best Resort Hotel in the Excellence in Hospitality Awards 2024 in public selections around the world.

OVERALL STRATEGY FOR 2025

Under the ever-changing market environment and competitive landscape, Fullshare will continue to focus on two main segments of green and healthcare. We will delve into green energy equipment manufacturing, Chinese medicine and pharmaceutical services, and green property operation and management businesses.

The Company remains optimistic about the investment and business potential of the big healthcare sector and will continue to focus on cooperation opportunities in this business sector, building up core human resources barriers, capitalizing on the brand name of the higher education institutions such as Nanjing University of Chinese Medicine and expert resources, and promoting the synergistic development of Chinese medicine and healthcare and related industries. Relying on the Chinese medicine experts and talent cultivation resources of Nanjing University of Chinese Medicine, the Company will synergize its "preventive treatment" business concept and service system with the resources and businesses of offline properties, businesses and hotels. At the same time, we will explore "community healthcare at home and housekeeping services" around community healthy living and aging users. Meanwhile, we will further promote Chinese medicine living in the Five Seasons Hotel, Yuhua Salon and other venues, providing hundreds of thousands of high-end users in the region with high-quality consumption and leisure services with healthcare characteristics.

In 2025, the Company will continue to develop its light asset operation output in the commercial operation segment and focus on building a commercial digitization system applicable to industrial parks, commercial complexes and other types of businesses, leveraging the strengths of the Company's talent team, technology system, branding and industrial resources, and operation and management capabilities.

Fullshare will closely monitor new investment opportunities in the fields of green energy and healthcare services, and will continue to adhere to the philosophy of "Responsible and Sustainable" to create a green and healthy product and service ecosystem with partners and customers, grow together and jointly promote the sustainable development of the Company.

Ji Changqun
Chairman of the Board

Hong Kong, 31 March 2025

* *For identification purpose only*

Management Discussion and Analysis

BUSINESS REVIEW

The revenue of Fullshare Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024 (the "**Year 2024**") and year ended 31 December 2023 (the "**Year 2023**"), was derived from property, tourism, investment and financial services, healthcare and education and new energy businesses.

(1) Property business

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

(a) Property sales

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

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

Management Discussion and Analysis

(b) Property investment

(i) Investment properties held by the Group

As at 31 December 2024, after the disposal of Fengsheng KL, the remaining investment properties of the Group included Wonder City* (虹悦城), Liuhe Happy Plaza Project * (六合歡樂廣場項目) and Weihai Project* (威海項目).

	Address	Existing use	Term of contract	GFA *(sq.m.)*	Interest attributable to the Group
Nanjing					
Wonder City* (虹悦城)	No. 619 Yingtian Da Jie, Yuhuatai District, Nanjing, Jiangsu Province, the PRC	Shopping mall	Medium-term covenant	100,605	100%
Liuhe Happy Plaza Project* (六合歡樂廣場) (two floors)	No. 52-71 Longjinlu Liuhe District, Nanjing, Jiangsu Province, the PRC	Shopping mall and carparks	Medium-term covenant	18,529#	100%
Weihai					
Weihai Project* (威海項目)	Block 1, No. 229, Rongshan Road, Chengshan, Rongcheng City, Weihai, Shandong Province, the PRC	Commercial	Medium-term covenant	6,472	100%
				125,606	

GFA of carparks is not included

(ii) Investment properties leased by the Group

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

(2) Tourism business

During the Year 2024, the Group gradually developed its tourism business, with an industrial layout that combines investment and businesses and an integration of long-term and short-term initiatives. The tourism property projects currently being invested and held by the Group include the Laguna project in Queensland, Australia, and the Sheraton project in Australia. In addition, the Group also manages the Five Seasons Hotel project in Nanjing, the PRC.

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

The Sheraton project is located in Port Douglas, Queensland, Australia, a globally renowned tourist resort. The project comprises the Sheraton Mirage Resort and the Golf Club and has a total of 295 guest rooms, 7 restaurants and bars, and an 18-hole golf course, with a total land lot site area of approximately 1,108,297 sq.m., and a total GFA of approximately 62,328 sq.m. During the Year 2024, the average room price was approximately AUD443.04, with an occupancy rate of approximately 58.41%.

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

(3) Investment and financial services business

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

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

Management Discussion and Analysis

(a) Listed equity investments held for trading

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

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

Notes:

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

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

(b) Other investments

Apart from the above listed equity investments, the Group also held unlisted equity investments. Certain material unlisted equity investments of the Group classified as financial assets at fair value through other comprehensive income as at 31 December 2024 and 31 December 2023 are set out as below:

As at 31 December 2024

Name of investee	Cost of investment *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*
Zhejiang Zheshang Chanrong Investment Partnership (Limited Partnership)* ("**Zheshang Fund**") (浙江浙商產融投資合夥企業 (有限合夥)*(Note 1)*	2,000,000	1,269,000	30,000	–	–
Jiangsu Minying Investment Holding Limited* ("**Jiangsu Investment**") (江蘇民營投資控股有限公司) *(Note 1)*	200,000	101,700	(25,748)	(25,748)	–
		1,370,700	4,252	(25,748)	–

Note:

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

As at 31 December 2023

Name of investee	Cost of investment *RMB'000*	Carrying amount *RMB'000*	Unrealised holding gain/(loss) arising on revaluation for the year *RMB'000*	Realised gain/(loss) arising from the disposal for the year *RMB'000*	Dividend received/ receivable for the year *RMB'000*
Zheshang Fund	2,000,000	1,239,000	(302,019)	–	–
Jiangsu Investment	400,000	254,896	(74,169)	–	14,000
		1,493,896	(376,188)	–	14,000

The future performance of the investments held by the Group will be affected by the overall economic environment, market condition and the business performance of the investee company. In this regard, the Group continued to monitor the portfolio performance and adjust the investments portfolio when necessary. The diversified investment portfolio is to implement the direction of expanding the sources of the Group's investment income and stabilizing its long term investment strategies.

As at 31 December 2024 and 2023, the Group did not hold any significant investment with a value greater than 5% of the Group's total assets.

(c) Investment and financial related consulting services

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

(4) Healthcare and education business and others

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

(5) New Energy segment

a) Wind gear transmission equipment

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

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

b) Industrial gear transmission equipment

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

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

c) Rail transportation gear transmission equipment

The Group's rail transportation gear transmission equipment products are widely used in the rail transportation fields such as high-speed rails, metro lines, urban trains and trams. The Company has established long-term cooperative relationships with many well-known domestic and foreign companies in the industry, such as the CRRC and the Alstom. The Group has obtained ISO/TS 22163 Certificate for the Quality Management System of International Railway Industry and CRCC Certification for Railway Products for its rail transportation gear transmission equipment products, and has obtained "Silver" Certificate for IRIS System for three consecutive years, which has laid a solid foundation for further expansion in the international rail transportation market. Currently, the products have been successfully applied to rail transportation transmission equipment in many Chinese cities, such as Beijing, Shanghai, Shenzhen, Nanjing, Hong Kong and Taipei, as well as in numerous countries and regions worldwide, such as Singapore, India, Netherlands, France, Australia, Brazil, Argentina, Canada, Mexico, South Africa, Tunis and Egypt. With optimised gearbox design technology, excellent sealing technology and effective control of the production process, the Group's rail transportation gear transmission equipment products are more environmentally friendly, and the products are well received by users.

Management Discussion and Analysis

MATERIAL RISK WARNING

At the end of September 2024, the Articles of Association of Nanjing High Speed Gear Manufacturing Co., Ltd* (南京高速齒輪製造有限公司) ("**Nanjing High Speed**") were changed, as the result of which the Company has lost its definite control over the board of Nanjing High Speed. Nanjing High Speed, principally engaged in the manufacturing and sale of wind and industrial gear transmission equipment, is the key subsidiary of the Group, which generated sales revenue of approximately RMB17,266,181,000 for the Year 2024, amounting to over 75% of the total revenue of China High Speed Transmission Equipment Group Co., Ltd. ("**CHS**") and around 75% of the total revenue of the Group.

The Company understands that Nanjing Gear Enterprise Management Co., Ltd.* (南京高齒企業管理有限公司) ("**Nanjing Gear Management**") has entered into an acting in concert agreement with Jinhu Shifu Corporate Management Partnership (Limited Partnership)* (金湖釃福企業管理合夥企業(有限合夥)) ("**Jinhu LP**"), pursuant to which, Jinhu LP would procure the respective directors nominated by it to vote in the same manner as those nominated by Nanjing Gear Management in the board meetings of Nanjing High Speed. Nevertheless, the acting in concert agreement contains several termination clauses under which Jinhu LP has the right to terminate it, which will result Nanjing High Speed no longer to be a subsidiary of the Company and the results of Nanjing High Speed no longer to be consolidated to the Company's consolidated financial statements.

However, as of the date of this report, the Company has not been provided any explanation from CHS regarding the termination clauses for the acting in concert agreement. Therefore, the Company would like to draw highest attention to the risk that Nanjing High Speed will cease to be a subsidiary of the Company at any time. For details, please refer to the announcements of the Company dated 7 March 2025,13 March 2025 and 31 March 2025.

The Company has requested CHS to convene an extraordinary general meeting to remove the core responsible persons for this matter, namely Mr. Hu Jichun and Mr. Hu Yueming. In addition, the Company reserves its rights to take various lawful and compliant measures, including but not limited to, filing complaints and initiating judicial proceedings, to protect the interests of the Company and all shareholders of the Company.

PROSPECT

In 2025, there are still uncertainties in the overall economic environment of the market. The Group will continue to maintain the stable development of each segment while paying attention to the market, especially major domestic high-quality healthcare projects, and invest with a cautious attitude in order to achieve a considerable comprehensive return. The Group will pay attention to and exit some low-return projects to improve the Group's business portfolio structure and cash flow. The Group firmly believes that a diversified business portfolio can bring sustainable and stable revenue, and that the synergies between the businesses will be fully utilised, thus laying a solid foundation for the Group's development.

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

FINANCIAL REVIEW

Revenue

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

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

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

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

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

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

Cost of sales and services

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

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

Management Discussion and Analysis

Gross profit and gross profit margin

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

Selling and distribution expenses

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

Administrative expenses

Administrative expenses of the Group decreased by approximately RMB154,520,000, or 16%, from approximately RMB980,759,000 in the Year 2023 to approximately RMB826,239,000 for the Year 2024. The administrative expenses for the Year 2024 mainly included salaries and staff welfare, depreciation and amortisation of tangible and intangible assets. The significant decrease in the administrative expenses during the Year 2024 was mainly due to the provision for penalty for late payment of a loan on due date amounting to approximately RMB100,000,000 being made in the Year 2023. No such provision was made in the Year 2024.

Research and development costs

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

Net provision for impairment losses recognised on financial assets

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

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

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

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

Other income

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

Net fair value changes in financial instruments

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

Other losses – net

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

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

Management Discussion and Analysis

Finance costs

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

Share of result of joint ventures and associates

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

Income tax expense/credit

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

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

Loss for the Year 2024

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

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

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

Cash position

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

Bank and other borrowings and corporate bonds

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

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

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

Leverage

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

As at 31 December 2024, the Group recorded total current assets of approximately RMB24,748,906,000 (31 December 2023: RMB31,263,965,000) and total current liabilities of approximately RMB22,092,483,000 (31 December 2023: RMB29,511,143,000). The current ratio of the Group, calculated by dividing total current assets by total current liabilities, was about 1.1 as at 31 December 2024 (31 December 2023: 1.1).

FOREIGN EXCHANGE EXPOSURE

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

TREASURY POLICIES

As at 31 December 2024, bank and other borrowings of approximately RMB11,010,298,000, RMB521,431,000, RMB6,579,000 and RMB223,527,000 (31 December 2023: RMB13,721,973,000, RMB506,517,000, RMB6,347,000 and RMB245,377,000) were denominated in RMB, US dollars, Hong Kong dollars and Australia dollars respectively. The debts in various currencies were mainly made to finance the operation of Group's entities in different jurisdictions.

Management Discussion and Analysis

Bank and other borrowings of approximately RMB4,661,763,000 (31 December 2023: RMB6,431,602,000) were at fixed interest rates, the remaining balances were either at variable rates or non-interest bearing. Cash and cash equivalents held by the Group were mainly denominated in RMB, Hong Kong and Australia dollars. The Group currently does not have foreign exchange and interest rate hedging policies. However, the management of the Group monitors the foreign exchange and interest rate exposure from time to time and will consider hedging significant foreign exchange and interest rate exposure if needed.

PLEDGE OF ASSETS

Details of the Group's pledged assets as at 31 December 2024 are set out in note 52 to the consolidated financial statements in this report.

OPERATING SEGMENT INFORMATION

Details of the operating segment information of the Group for the Year 2024, are set out in note 6 to the consolidated financial statements in this report.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group as at 31 December 2024 are set out in note 51 to the consolidated financial statements in this report.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group as at 31 December 2024 are set out in note 50 to the consolidated financial statements in this report.

SUBSEQUENT EVENTS

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

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

ADDITIONAL INFORMATION ON THE QUALIFIED OPINION

Baker Tilly Hong Kong Limited, the auditor of the Company, has issued a qualified opinion (the "**Qualified Opinion**") on the independent auditor's report on the Company's consolidated financial statements for the year ended 31 December 2024. For details of the basis of the Qualified Opinion, please refer to the Independent Auditor's Report" on pages 59 to 68 of this report.

Details of the Qualified Opinion and their actual or potential impact on the Company's financial position

As disclosed in the annual results announcement of the Company dated 31 March 2025, each of the audit issues ("**Audit Issues**") as described in the basis of qualified opinion only relates to the business and operation of CHS, which is managed and supervised by CHS's management.

In view of the Audit Issues, the Company and its auditors have made various attempts to communicate with CHS and CHS's auditors in connection with the Audit Issues during the course of preparing the annual results and annual report of the Group for the year ended 31 December 2024. Based on communication with CHS's auditors, the Company's auditors noted from CHS's auditors that the reasons for qualified opinion are as follows:

(i) Trade receivables arising from trading business and related impairment

For trade receivables arising from trading business and related impairment, CHS's auditor noted that three subsidiaries of CHS ("**Relevant Subsidiaries**") carried out transactions in trading business included in new energy segment. However, CHS's auditor was unable to obtain direct confirmations from 13 customers, with the corresponding balances of RMB3,189,000,000 as at 31 December 2024, nor were they able to arrange interviews with these customers. Consequently, CHS's auditor was unable to confirm whether the impairment provision made by CHS's management was free from material misstatements.

(ii) Prepayments arising from trading business and related impairment

For prepayments arising from trading business and related impairment, the closing balances of RMB3,451,000,000 comprised of: (i) brought forward balances of RMB1,229,000,000 which were ought to be repaid by the suppliers upon expiry or termination of the Procurement and Cooperation Agreements（採購框架協議）; (ii) additional balances of RMB2,877,000,000 which represented net prepayments to 3 suppliers during the year ended 31 December 2024; and (iii) set-off of prepayments balances of RMB655,000,000 upon delivery.

CHS's auditor noted that (i) despite the termination or expiry of the Procurement and Cooperation Agreements, CHS's management could not provide satisfactory and sufficient explanations and supporting documentation to substantiate why the Relevant Subsidiaries did not request for repayments of these prepayments; (ii) the additional balances of RMB2,877,000,000 represented a net increase. The only supporting documentation provided by CHS's management was the bank remittance advices, however, CHS's management could not provide further explanations or supporting documentation (e.g. purchase contracts) to substantiate these transactions. Further, CHS's auditor noted that except for goods worth of RMB655,000,000 which were delivered from 1 supplier, the rest of the suppliers that received prepayments during the year ended 31 December 2024 had not delivered any goods to the Relevant Subsidiaries. Further, CHS's auditor was unable to obtain direct confirmations from these 3 suppliers, with the corresponding balances of RMB3,451,000,000 as at 31 December 2024.

Management Discussion and Analysis

(iii) Transactions under the Group's EPC Project

For transactions under the Group's EPC project, CHS acted as the main contractor of the EPC project, whilst CHS sub-contracted the construction works to a number of sub-contractors. Works progress reports (結算審核報告) were regularly certified by third party certified cost engineers (註冊造價工程師) to confirm the progress of the EPC project and facilitate the progress billing to the end customer and at the same time to verify the works of the sub-contractors. CHS's auditor obtained a number of works progress reports dated on 15 March 2024, but no more works progress reports dated thereafter were obtained. As at 31 December 2024, advanced receipts from the customer for the EPC project of RMB467,760,000 were recognised as contract liabilities, and the corresponding payments to sub-contractors of RMB297,212,000 and RMB994,052,000 were recognised as prepayments and inventories accordingly. However, CHS's auditor was unable to arrange direct confirmations from the end customers and the sub-contractors on these balances. CHS's management was also unable to provide sufficient information to substantiate the progress of the EPC Project and sub-contracting costs incurred by sub-contractors for the EPC Project up to 31 December 2024.

(iv) Financial assets at fair value through profit or loss

For financial assets at fair value through profit or loss, it represented investments in three unlisted limited partnerships in the PRC. Since CHS is involved in several commercial litigations with a group of companies connected with these limited partnerships, CHS's management has been unable to obtain access to certain financial information of the three limited partnerships. As a result, the valuations could not be performed by valuation experts of CHS.

(v) Related party transactions

For related parties transactions, due to the investigation being in progress, CHS's management was unable to confirm whether the 13 customers, 3 suppliers and the parties involved in the EPC projects are related parties or not. Therefore, CHS's auditor could not confirm the completeness of related party disclosure in the consolidated financial statements.

The Company would reiterate that the above details of Audit Issues were obtained by the Company's auditors based on communication with CHS's auditors. The Company has not been provided with any further evidence/documents/explanation/information as to the basis of CHS and/or CHS's auditors in forming their views in relation to each of the Audit Issues and the recognition of the impairments.

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

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

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

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

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

Considering that the Audit Issues was based solely on the representation of CHS's management and the Company's auditors and the management of the Company was not provided with any relevant evidence/documents/explanation/information, the management and the audit committee of the Company are not in a position to form a view on the qualified opinion, but to concur with CHS's management and the Company's auditors.

For further details of CHS's views and actions, please refer to the CHS Annual Results Announcement and the annual report of CHS for the year ended 31 December 2024.

The Company's action plan to address the Audit Issues

The Company has made repeated requests and attempts to communicate with the current management of CHS in connection with, among others (a) the Audit Issues; (b) the status and findings of the independent investigation being carried out by the independent investigation committee (the "**IIC**") of CHS; and (c) internal control of CHS, however, as disclosed in various announcements of the Company and the Company's prior communications with the Stock Exchange, CHS has failed to provide the Company with necessary information or explanations. Despite the uncooperative attitude of CHS's current management, the Company will continue to try establishing communication with the current management of CHS and work closely with the Company's auditor in order to address the unresolved Audit Issues.

The Company also considers that the effective measure to avoid re-occurrence of similar Audit Issues would be to restructure the board of CHS for purpose of enhancing its corporate governance, efficiency and transparency, which is expected to be achieved through a requisition to request the CHS Board to convene an extraordinary general meeting of CHS to remove and appoint directors of CHS. Details of which are stated in the section Subsequent Events of this Report.

Management Discussion and Analysis

MATERIAL ACQUISITION AND DISPOSAL

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DIVIDEND

The Board has resolved not to declare a dividend for the Year 2024.

EMPLOYEES

As at 31 December 2024, the Group had 8,807 employees (31 December 2023: 8,881 employees). The Group's total staff costs (including executive directors' remuneration) amounted to approximately RMB2,236,534,000 in the Year 2024 (Year 2023: approximately RMB2,177,895,000). Employees' remunerations are determined according to the Group's operating results, job requirements, market salary level and ability of individuals. The Group regularly reviews its remuneration policy and additional benefit programs and makes necessary adjustments to bring them in line with the industry level. In addition to basic salaries, the Group has established revenue sharing programs and performance appraisal plans to provide rewards according to the Group's results and employees' individual performance.

* *For identification purpose only*

Corporate Governance Report

CORPORATE GOVERNANCE CODE

Fullshare Holdings Limited (the "**Company**" or "**Fullshare**") is committed to maintaining a high standard of corporate governance. The board (the "**Board**") of directors (the "**Director(s)**") of the Company believes that a high standard of corporate governance provides a framework and solid foundation for the Company and its subsidiaries (collectively the "**Group**") to manage business risks, enhance transparency, maintain a high standard of accountability and protect interests of the shareholders (the "**Shareholder(s)**") and other stakeholders of the Company.

The Company has applied the principles and complied with the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year ended 31 December 2024 (the "**Year 2024**") except for the following deviation:

Under the Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Year 2024, the positions of chairman and chief executive officer (the "**CEO**") of the Company were held by Mr. Ji Changqun. The Board believes that the holding of both positions of chairman and CEO by the same individual allows more effective planning and execution of business strategies. In addition, the Board is of the view that the balanced composition of the executive and independent non-executive Directors on the Board and the various committees of the Board in overseeing different aspects of the Company's affairs would provide adequate safeguards to ensure a balance of power and authority. The Board will review regularly to ensure that this structure will not impair the balance of power and authority between the Board and the management of the Group.

The Board has formulated and adopted guidelines, policies and procedures such as the code of conduct regarding the securities transactions by the Directors, terms of reference for board committees, board diversity policy and shareholders' communication policy to support the Group's corporate governance framework. These policies and procedures enable the Company to follow and apply the principles of the CG Code. These documents are reviewed from time to time by the Board and the relevant board committees and are updated in line with the applicable legislations and rules as well as the current market practices.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding the securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Year 2024.

THE BOARD

The Board currently consists of a total of seven Directors, comprising four executive Directors and three independent non-executive Directors (the "**INED(s)**"). The composition of the Board during the year and up to the date of this report is set out as follows:

Executive Directors

Mr. Ji Changqun *(Chairman and CEO)*
Ms. Du Wei
Mr. Shen Chen
Mr. Ge Jinzhu

INEDs

Mr. Lau Chi Keung
Mr. Tsang Sai Chung
Mr. Huang Shun

There is no financial, business, family or other material/relevant relationship among the members of the Board.

Throughout the year and up to the date of this report, the Company has complied with the requirements under Rules 3.10 and 3.10A of the Listing Rules that require every board of directors of a listed issuer to include at least three INEDs representing at least one-third of the board, and at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise.

For an INED to be considered independent, the Board must determine that the INED does not have any direct or indirect material relationship with the Group. The Board follows the requirements set out in the Listing Rules to determine the independence of the INEDs. The Board has received from each INED an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considers all INEDs are independent.

There is no specific term of office of Mr. Lau Chi Keung, Mr. Tsang Sai Chung and Mr. Huang Shun, all INEDs. All of them are subject to the requirement of retirement by rotation in accordance with the articles of association of the Company (the "**Articles of Association**").

According to the Articles of Association, at each annual general meeting of the Company (the "**AGM**"), one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. Every Director shall be subject to retirement by rotation at least once every three years.

The Company provides Directors with directors' liability insurance in respect of relevant legal actions against the Directors.

Corporate Governance Report

Corporate Culture

Fullshare is a comprehensive health lifestyle service provider. Our vision is "Build Healthy Fullshare" and healthcare is the direction for the Company's future development. Fullshare has built a healthcare industry platform to improve people's quality of life in all aspects including medical care, food, housing and transportation (travel) through green energy environment, green buildings, traditional Chinese medical healthcare services, healthcare products, and wellness tourism. We adhere to the following four core values and consistently implement the belief of "healthy employee, healthy career, healthy enterprise and healthy society", and are committed to becoming a responsible social citizen and creating maximum and sustainable interests for Shareholders.

1. Continuous optimization of customer experience – strive to provide the most attentive and high-quality services and products to customers in all business segments; make use of innovative technology with a view to providing customers with better services and product experience.

2. Co-creation and sharing – the Company has always pursued the concept of "co-creation and sharing", working with employees and partners to create a prosperous business of the Company and share the fruitful results of development.

3. Contributions to community – support different needs of all sectors of the society and make community investments in different areas, hoping to inject more positive energy into the society.

4. Compliance with laws and regulations – act prudently by strictly abiding by laws and regulations and the Group's internal systems.

The Board leads and defines the Group's purpose, values and strategic direction, and focuses on promoting a culture of vision and efficiency. The Board is committed to ensuring that the above-mentioned core values are jointly implemented by everyone within the Group, making them the foundation of our corporate culture, and allowing the above-mentioned purposes, culture and values to be implemented in all business areas.

The Company's culture has been consistently established and reflected in the Group's operating practices, internal policies and practices and relationships with stakeholders, including but not limited to the following policies and practices:

- Employee code of conduct
- Whistleblowing policy
- Remuneration policy
- Shareholder Communications Policy
- Environmental, Social and Governance ("**ESG**") Policy

Through incentive system, evaluation and feedback system, the Company ensures that employees at all levels understand and recognize the culture and values that the Group hopes to establish to promote the establishment of a good corporate culture.

Board Independence

The Company strives to build an effective Board, whose capability is appropriate for the scale, complexity and strategic positioning of our business, in particular, the board independence is crucial to the goal. The Company has established mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually. The nomination committee (the "**Nomination Committee**") of the Board has reviewed the implementation and effectiveness of the following mechanisms:

(a) Composition of the Board and Board committees

Three out of the seven Directors are INEDs, which meets the requirement of the Listing Rules that at least one-third of the Board are independent non-executive directors. Besides, independence element also exists among the Board committees, for instance, (i) each of the audit committee (the "**Audit Committee**") and remuneration committee (the "**Remuneration Committee**") of the Board is chaired by an INED and the majority of members of which are INEDs; (ii) the majority members of the Nomination Committee are INEDs; and (iii) one INED is a member of each of the risk management committee (the "**Risk Management Committee**") and the environmental, social and governance committee (the "**ESG Committee**") of the Board. The strong independence element on the Board provides independent and objective oversight on strategic issues and performance matters.

(b) Time Commitment of Directors

All Directors (including the INEDs) have demonstrated a strong commitment to the Board affairs and they are well aware that they are expected to have a sufficient time and attention commitment to the Board, which can be demonstrated by the attendance record of various board/committee meetings as set out in the section "The Board" of this report. An annual confirmation has been provided by each of the Directors (including the INEDs) that they would be able to and would have capacity to devote sufficient time for the discharge of the functions and responsibilities as a Director. In addition, all Directors (including the INEDs) also disclose to the Company annually the number, identity and nature of offices held in Hong Kong or overseas listed public companies and organisations and other significant commitments, so that the Company can evaluate whether each Director (including the INEDs) can devote sufficient time to the Company.

(c) Contributions of the INEDs

The INEDs have following expertise and experience present in one or more of them:

– significant board, financial and general management experience across a range of sectors and knowledge of corporate governance issues;

– in-depth and up-to-date knowledge of the global markets and economic, political and regulatory development;

– extensive experience and qualification in accounting, surveying, legal and/or compliance;

– deep knowledge of commercial expertise; and

– alert of corporate social responsibility issues.

All of them have a wealth of experience in diverse fields and possess the requisite upright character, integrity and business insight for the proper discharge of their duties as independent directors. In pursuit of the Group's objectives and business endeavors, by offering independent and constructive advice, they provide valuable contributions and insights to the Board and instill integrity into every aspect of our business which is also aligned to our values. Their considerable pool of knowledge, experience, skills and expertise are crucial to the Board's deliberations. They have given the Board and the committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through active participation.

(d) Independent Professional Advice

According to the terms of reference of each of the Board committees, the Board committees shall be provided with sufficient resources to perform their duties and they are authorised by the Board to seek independent professional advice at the Company's expense to perform their responsibilities as they shall deem appropriate. On the other hand, the Company has already engaged different kinds of retainer professional services in order to provide support to the Directors to discharge their duties.

Diversity

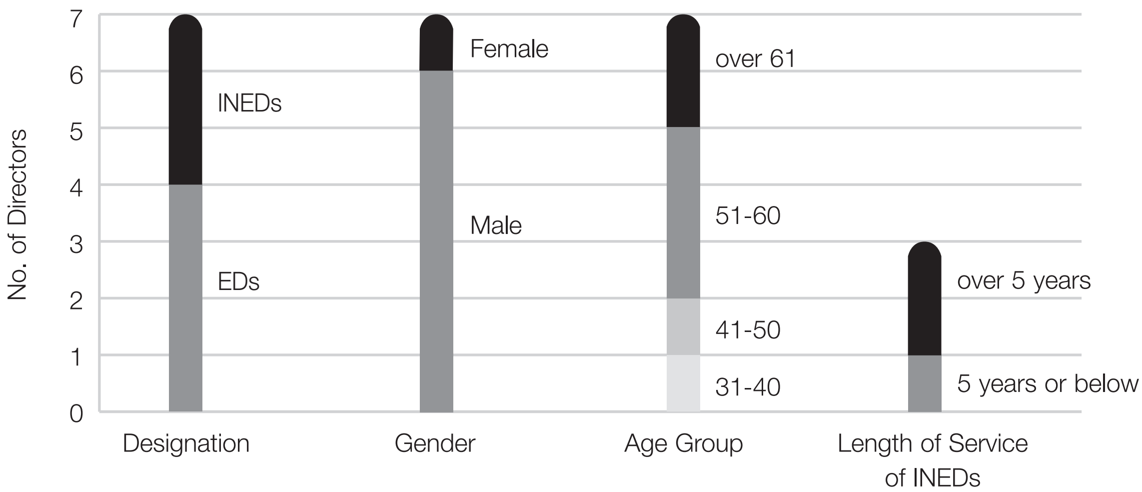
Gender Diversity

As at 31 December 2024, the Group had 8,807 employees, including 8,039 employees from China High Speed Transmission Equipment Group Co., Ltd ("**CHS**") (stock code: 00658), a non-wholly owned listed subsidiary of the Company. The Company recognises that employees are valuable assets to the Group and is committed to implementing equal opportunity employment practices. As at 31 December 2024, approximately 46% (as at 31 December 2023: 47%) of our workforce (including the senior management) (excluding CHS) is female and approximately 8% (as at 31 December 2023: 8%) of the workforce (including the senior management) of CHS alone is female. Having considered that (a) one of the principal activities of CHS is the development and manufacturing of mechanical transmission equipments, which is a traditional male dominated industry; and (b) the total number of employees of CHS is more than the Group (excluding CHS) significantly, accordingly, in order to present a reasonable calculation result of the gender ratio of the workforce of two respective listed companies, the gender ratio of the Group (excluding CHS) and CHS are calculated separately. As approximately 46% of our workforce (including the senior management) (excluding CHS) is female, the Company plans to maintain similar level of female representation over the next three years or increase female representation where appropriate. In order to promote gender diversity among the senior management, gender diversity will be taken into account during the staff promotion and recruitment, however, this may be mitigated since individual performance and ability always outweigh the others in a number of factors.

Board Diversity

The current Board composition reflects diverse mix of professional knowledge, industry experience and length of service. The Board currently has 1 female Director and the Nomination Committee considers that gender diversity of the Board has been achieved during the Year 2024. The Board targets to maintain at least the current level of female representation, and will take opportunities to promote gender diversity and increase the proportion of female members over time as and when suitable candidates are identified. The diversity mix of the Board as at 31 December 2024 is summarised in the following charts:

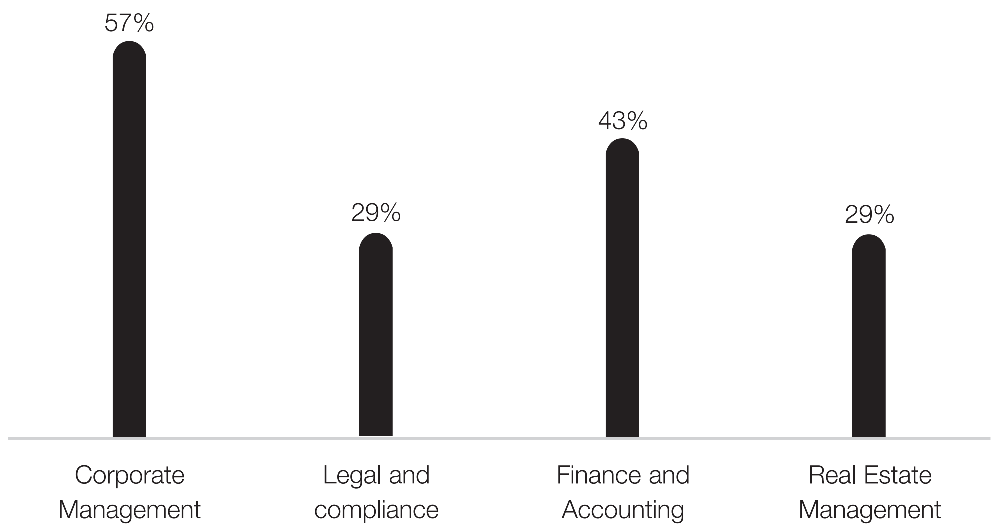
Diversity mix of the Board



Remarks:

ED – Executive Director
INED – Independent Non-executive Director

Professional Experience



Board Diversity Policy

The Board has adopted the board diversity policy (the "**Board Diversity Policy**") on 1 September 2013, and subsequently updated on 1 January 2019, which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, gender, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board.

The Nomination Committee will review annually to ensure the effectiveness and implementation of the Board Diversity Policy. The Nomination Committee considers that the current Board composition has provided the Company with a good balance and diversity of skill and experience appropriate for the business of the Company.

A copy of the Board Diversity Policy is available on the websites of the Stock Exchange and the Company.

Board Proceeding

The Board is responsible for formulating overall strategies, approving and monitoring the Group's policies and business plans, evaluating the performance of the Group and supervising the work of management. It delegates day-to-day operations and administration of the Company to the management within the control and authority set by the Board. In addition, the Board has also delegated various responsibilities to the Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and ESG Committee. Further details of these committees are set out below in this report.

During the Year 2024, five Board meetings were held and the chairman of the Board held a meeting with the INEDs without the presence of other executive Directors. The attendance records of each Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee, ESG Committee and general meetings of the Company during the Year 2024 are set out below:

	Attendance/number of meetings held during the Year 2024							
Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	ESG Committee	General Meetings	Chairman with INEDs Meeting
Executive Directors								
Mr. Ji Changqun	4/5	n/a	n/a	1/2	n/a	n/a	2/2	1/1
Ms. Du Wei	5/5	n/a	1/1	n/a	n/a	2/2	2/2	n/a
Mr. Shen Chen	5/5	n/a	n/a	n/a	4/4	2/2	2/2	n/a
Mr. Ge Jinzhu	5/5	n/a	n/a	n/a	4/4	n/a	2/2	n/a
INEDs								
Mr. Lau Chi Keung	5/5	3/3	1/1	2/2	n/a	n/a	2/2	1/1
Mr. Tsang Sai Chung	5/5	3/3	1/1	2/2	4/4	2/2	2/2	1/1
Mr. Huang Shun	5/5	3/3	n/a	n/a	n/a	n/a	2/2	1/1

The Board meets regularly at least four times a year and has formal procedures to include matters to be referred to it for consideration and approval at the Board meetings. At least 14 days' notice is given to all Directors for regular Board meetings. Each Director may include any item in the agenda. The agenda and accompanying meeting papers with sufficient information are sent to all Directors at least 3 days before the intended date of a regular Board meeting to enable the Directors to make informed decisions on the matters to be discussed (and so far as practicable for such other Board meetings). Between scheduled meetings, management provides information to the Directors on the activities of and developments in the businesses of the Group. As and when deemed necessary, additional Board meetings may be convened. In addition, any Director may request the company secretary of the Company (the "**Company Secretary**") to seek for independent professional advice to assist the Directors to effectively discharge their duties.

Draft minutes of each Board meeting and Board committee meeting are circulated to all Directors/Board committee members for their comments within a reasonable time after each meeting before being approved by the chairman of such meeting. Minutes shall record sufficient details in relation to matters considered and decisions reached, including any concerns raised by Directors/Board committee members or dissenting views (if any) expressed. Minutes of Board meetings and Board committees meetings are kept by the Company Secretary and are available for inspection by any Director/Board committee member.

If a substantial shareholder or a Director has a material conflict of interest in a matter considered by the Board, the matter will be dealt with by a physical Board meeting. Except for those circumstances permitted by the Articles of Association and all applicable laws, rules and regulations, a Director shall not vote on any Board resolution approving any contract or arrangement in which he/she or any of his/her associates has a material interest nor shall he/she be counted in the quorum present at the Board meeting.

Corporate Governance Report

Directors' Professional Continuous Development

Every newly appointed Director will receive a comprehensive, formal and tailored induction on the first occasion of his/her appointment to ensure he/she has a proper understanding of the Company's operations and business and full awareness of his/her responsibilities under the Listing Rules, legal and other regulatory requirements, and in particular the Company's business and governance policies. The Company Secretary facilitates the induction and professional development of the Directors.

The Directors acknowledge the need to continue to develop and refresh their knowledge and skills so as to ensure their contribution to the Board remains informed and relevant. On an ongoing basis, all Directors are encouraged to keep up-to-date on all matters relevant to the Group and to attend trainings, seminars, conferences and forums as appropriate. They are also regularly updated by reading materials concerning the business and financial updates, directors' duties, latest developments in corporate governance practices and relevant legal and regulatory developments. Records of training received by the Directors for the Year 2024 are summarised as follows:–

Name of Directors	Attending trainings/seminars/ conferences/forums	Reading materials relating to the business and financial updates, directors' duties, corporate governance practices, legal and regulatory developments, etc.
Executive Directors		
Mr. Ji Changqun	✓	✓
Ms. Du Wei	✓	✓
Mr. Shen Chen	✓	✓
Mr. Ge Jinzhu	✓	✓
INEDs		
Mr. Lau Chi Keung	✓	✓
Mr. Tsang Sai Chung	✓	✓
Mr. Huang Shun	✓	✓

CORPORATE GOVERNANCE FUNCTIONS

The Board as a whole is responsible for performing the corporate governance duties including:

(a) to determine and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of directors and senior management;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the Year 2024, the Board has performed the corporate governance duties by reviewing the Company's policies and practices on corporate governance and compliance with legal and regulatory requirements.

AUDIT COMMITTEE

The Audit Committee was established on 26 November 2002. The Audit Committee currently comprises three INEDs and the chairman possesses appropriate professional qualifications, accounting and related financial management expertise. The current members of the Audit Committee are:

Mr. Huang Shun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

None of the members of the Audit Committee is a former partner of the current external auditors of the Company.

The Audit Committee is responsible for, amongst other things, overseeing the relationship with the external auditors, reviewing the Group's interim and annual results, reviewing the scope, extent and effectiveness of the internal financial control system of the Group, reviewing financial reporting system of the Group, and seeking independent professional advice in appropriate circumstances to discharge its duties. The terms of reference of the Audit Committee, which described its authority and duties, are available on the websites of the Stock Exchange and the Company.

During the Year 2024, the Audit Committee held three meetings and the attendance of each member is set out in the section headed "The Board" of this report. In addition to the Audit Committee meetings, the Audit Committee also dealt with matters by way of circulation during the Year 2024. The works performed by the Audit Committee and how it met its responsibilities during the Year 2024 were summarised as below:

(i) reviewed and recommended for the Board's approval the annual results for the year ended 31 December 2023 and the interim results for the six months ended 30 June 2024;

(ii) reviewed the engagement and service fee of external auditor to provide audit and/or review service;

(iii) reviewed the external auditor's independence and objectivity and the effectiveness of the audit process;

(iv) reviewed the financial reporting system of the Group;

(v) reviewed the engagement and service fee of external internal control consultant to provide internal control review service;

(vi) assessed the effectiveness of the internal financial control system of the Group; and

(vii) reviewed the effectiveness of the internal audit function of the Group.

Corporate Governance Report

REMUNERATION COMMITTEE

The Remuneration Committee was established on 18 January 2006, and is chaired by an INED and the majority of the members of the Remuneration Committee are INEDs. The current members of the Remuneration Committee are:

Mr. Lau Chi Keung *(Chairman)*
Ms. Du Wei
Mr. Tsang Sai Chung

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of all executive Directors and senior management of the Company, including benefits-in-kind, pension rights and compensation payments, and making recommendations to the Board on the remuneration of the non-executive Directors. In developing remuneration policies and making recommendation as to the remuneration of the Directors and senior management of the Company, the Remuneration Committee takes into account the performance of the Group as well as individual Directors and senior management of the Company. No Director can determine his/her own remuneration package. The terms of reference of the Remuneration Committee, which described its authority and duties, are available on the websites of the Stock Exchange and the Company.

During the Year 2024, the Remuneration Committee held one meeting and the attendance of each member is set out in the section headed "The Board" of this report. In addition to the Remuneration Committee meeting, the Remuneration Committee also dealt with matters by way of circulation during the Year 2024. The works performed by the Remuneration Committee during the Year 2024 were summarised as below:

(i) reviewed the Group's remuneration policy and structure;

(ii) assessed performance of all executive Directors;

(iii) reviewed the existing remuneration package of all executive Directors and senior management of the Company and recommended for the Board's approval of the remuneration for the Year 2024;

(iv) reviewed and recommended for the Board's approval of the existing remuneration of all INEDs for the Year 2024; and

(v) reviewed and recommended for the Board's approval of the renewal of the terms of service contracts of the Directors.

NOMINATION COMMITTEE

The Nomination Committee was established on 9 November 2012, and is chaired by the chairman of the Board and the majority of the members of the Nomination Committee are INEDs. The current members of the Nomination Committee are:

Mr. Ji Changqun *(Chairman)*
Mr. Lau Chi Keung
Mr. Tsang Sai Chung

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and identifying suitable candidates and making recommendations to the Board in relation to the appointments of new Directors and re-nomination and re-election of Directors. The terms of reference of the Nomination Committee, which described its authority and duties, are available on the websites of the Stock Exchange and the Company.

The Nomination Committee has formulated and set out the nomination policy (the "**Nomination Policy**") in its terms of reference. The objective of the Nomination Policy is to ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. To ensure changes to the Board composition can be managed without undue disruption, a formal, considered and transparent procedure is in place for selection, appointment and re-appointment of directors, as well as plans in place for orderly succession for appointments (if considered necessary). When nominating candidates for directorships, the Nomination Committee will consider candidates on merit and against the objective criteria as set out under the Nomination Policy, including his/her ability to devote sufficient time and attention to the affairs of the Company and contribute to the diversity of the Board (which includes but not limited to diversity in gender, age, experience, cultural and educational background, expertise, skills and know-how as set out in the Board Diversity Policy) as well as the effective carrying out by the Board of the responsibilities, in order to determine whether a candidate is qualified before making recommendations to the Board. Further details of the nomination procedures and criteria are set out in the terms of reference of the Nomination Committee which are available on the websites of the Stock Exchange and the Company.

During the Year 2024, the Nomination Committee held two meetings and the attendance of each member is set out in the section headed "The Board" of this report. In addition to the Nomination Committee meetings, the Nomination Committee also dealt with matters by way of circulation during the Year 2024. The works performed by the Nomination Committee during the Year 2024 were summarised as below:

(i) reviewed the structure, size, composition (including the skills, knowledge and experience) and diversity of the Board;

(ii) assessed the independence of each INED;

(iii) reviewed the Board independence; and

(iv) reviewed and recommended for the Board's approval the re-election of Directors.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee was established on 16 December 2016, which is chaired by an executive Director and the majority of the members of the Risk Management Committee are executive Directors. The current members of the Risk Management Committee are:

Mr. Shen Chen *(Chairman)*
Mr. Ge Jinzhu
Mr. Tsang Sai Chung

The Risk Management Committee is responsible for advising the Board on the overall risk appetite/tolerance and risk management strategies of the Group, overseeing the implementation of the risk management strategies, and reviewing the scope, extent and effectiveness of the internal control system (other than internal financial control system) of the Group. The terms of reference of the Risk Management Committee, which described its authority and duties, are available on the websites of the Stock Exchange and the Company.

During the Year 2024, the Risk Management Committee held four meetings and the attendance of each member is set out in the section headed “The Board” of this report. The works performed by the Risk Management Committee and how it met its responsibilities during the Year 2024 were summarised as below:

(i) assessed the effectiveness of the risk management strategies;

(ii) identifying the overall risks (including the ESG risks) of the Group; and

(iii) assessed the effectiveness of the internal control system (other than internal financial control system) and risk management system of the Group.

ESG COMMITTEE

The ESG Committee was established on 7 July 2018, which is chaired by an executive Director and the majority of the members of the ESG Committee are executive Directors. The current members of the ESG Committee are:

Ms. Du Wei *(Chairman)*
Mr. Shen Chen
Mr. Tsang Sai Chung

The ESG Committee is responsible for reviewing the Company’s ESG policies and practices and monitoring the implementation of the same. During the Year 2024, the ESG Committee held two meetings and the attendance of each member is set out in the section headed “The Board” of this report. The terms of reference of the ESG Committee, which described its authority and duties, are available on the websites of the Stock Exchange and the Company.

COMPANY SECRETARY

The Company Secretary, Ms. Seto Ying, undertook not less than 15 hours of relevant professional training during the Year 2024.

AUDITORS' REMUNERATION

The fees paid/payable to Baker Tilly Hong Kong Limited, the external auditor of the Company, for audit and non-audit services for the Year 2024 amounted to approximately RMB7,065,000 (2023: RMB7,065,000) and approximately RMB4,420,000 (2023: RMB3,404,000) respectively. Details of the fees paid/payable to the external auditor for non-audit services for the Year 2024 are listed below:

Review of interim and the Group's entities' financial statements	RMB2,720,000
Other professional services	RMB1,700,000

There is no former partner of the existing firm auditing the accounts of the Company acting as a member of the Audit Committee for a period of two years from the date of his ceasing (i) to be a partner of the firm or (ii) to have any financial interest in the firm. In addition, the Audit Committee is of the view that the auditor's independence is not affected by the non-audit services rendered. Taking into account the independence of the auditor, the relationship of the auditor with the Company as well as the opinion of the management of the Company, the Audit Committee recommended the Board to re-appoint Baker Tilly Hong Kong Limited as the external auditor of the Company for the year ending 31 December 2025, subject to approval by the Shareholders at the forthcoming AGM.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has, through the Audit Committee and/or the Risk Management Committee, conducted interim and annual reviews of the adequacy and effectiveness of the Group's internal control and risk management system covering the financial, operational, compliance and risk management functions for the Year 2024. The Group's internal control and risk management system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in operational system and achievements of the Group's objectives. It includes a defined management structure with appropriate limits of authority which safeguards assets against unauthorised use or disposition and ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication. The system also aims to ensure compliance with relevant laws and regulations.

In order to improve the Group's internal control, the Company has engaged Acclime Consulting (Hong Kong) Limited ("**Acclime**") to perform a review of the procedures, systems and controls for the Group. Acclime has submitted its internal control review reports for the Group to the Audit Committee and the Board in March 2024 and March 2025 respectively. Findings and recommendations concerning improvements to the Group's internal control have been reviewed by the Audit Committee and the Board.

The Board considered the Group's internal control system to be effective and adequate. In order to further enhance the effectiveness of the internal control, the Company has implemented an ongoing internal control review plan by engaging Acclime for the coming year.

Corporate Governance Report

Procedures to Identify, Evaluate and Manage Significant Risks

The Risk Management Committee has set up a Risk Management Working Group (the "**Working Group**"), which the members come from different departments including internal control and compliance, finance, legal, investment as well as human resources. The Working Group holds regular quarterly meeting. Different departments report to the Working Group in respect of its own identified risks and the Working Group discusses and evaluates the proposal to manage the risks. Any significant risks once identified will be reported to the Risk Management Committee immediately, if necessary. The Risk Management Committee holds regular quarterly meeting to discuss and assess the identified risks reported by the Working Group and also assess the effectiveness of the risk management strategies and the internal control and risk management systems. The Risk Management Committee reports to the Board regularly. The meeting minutes of the Working Group and the Risk Management Committee are kept by the Company Secretary, which are available for inspection by any Director. The Board considered the Group's risk management system to be effective and adequate.

Inside Information

The Company has followed the procedures for handling and disclosure of inside information during the Year 2024. All departments of the Company shall report inside information which may materially affect the Company's share price to the Company Secretary and the legal department. The Company has communicated with all relevant staff regarding the implementation of the procedures and relevant trainings are also provided.

Internal Audit

The Company's internal audit function is performed by the internal control and compliance department, which generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems.

Whistleblowing Policy

The Company has established the whistleblowing policy, which has been reviewed from time to time, for employees and those who deal with the Company (e.g. customers and suppliers) to report to the internal control and compliance department directly and anonymously for any serious concerns about suspected fraud, corruption, malpractice, misconduct or irregularity of the Group. The internal control and compliance department will investigate the reported cases in a confidential and timely manner and report the results of investigations to the Audit Committee and the chairman of the Board.

Employees Code of Conduct

The Group believes that the company culture of honesty, integrity, probity and self-discipline are crucial for our long-term development and success. It is stipulated in the employees code of conduct that employees are responsible to maintain the highest standard of business ethics and to observe the relevant laws and regulations. The code offers guidance to all employees on reporting and handling (potential) conflict of interest, raises employees' awareness and promotes anti-corruption.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the audited consolidated financial statements of the Group for the Year 2024. The Directors ensure that the audited consolidated financial statements of the Group for the Year 2024 have been properly prepared in accordance with the statutory requirements and applicable accounting standards on a going concern basis.

The statement by the auditor of the Group regarding its reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on pages 59 to 68.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to promoting and maintaining effective communication with Shareholders and other stakeholders. The Shareholders' communication policy (the "**Shareholders' Communication Policy**"), which has been updated on 31 March 2022, has been adopted for ensuring that the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders to engage actively with the Company. The policy will be reviewed annually to ensure its implementation and effectiveness and compliance with the prevailing regulatory and other requirements.

Shareholders and potential investors are encouraged to access to the Company's website at www.fullshare.com which has provided more comprehensive information to enhance the transparency and communication effectiveness between the Company, Shareholders and investment community. The Company has established a number of channels to maintain an on-going dialogue with its Shareholders as follows:

(i) corporate communications such as annual reports, interim reports and circulars are available on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.fullshare.com;

(ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) corporate information is made available on the Company's website;

(iv) AGM and extraordinary general meeting (the "**EGM**") provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management of the Company. Shareholders are welcome to raise any query in relation to the Group's businesses at the general meetings;

(v) Company's share registrar serves the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters;

(vi) Shareholders and the investment community may at any time make a request to the Company Secretary or the contacts for investor relationship of the Company in writing for the Company's information to the extent such information is publicly available. The contact details are set out under the "Contact Us" section of the Company's website at www.fullshare.com; and

(vii) publicly available news and information about the Company can also be sent to the Shareholders who have subscribed to the notification service on the Company's website.

The Company complies with the notice period requirements for convening a general meeting under the Listing Rules, Articles of Association and other applicable rules and regulations. An explanation of the detailed procedures of conducting a poll is provided to the Shareholders at the commencement of the general meeting. The chairman of the general meeting answers questions from the Shareholders regarding voting by way of poll. Relevant announcement on the results of the vote by poll shall be made by the Company after the general meeting in the manner prescribed under the requirements of the Listing Rules.

Having considered the multiple channels of communication and engagement in place, the Board is satisfied that the Shareholders' Communication Policy has been properly in place during the Year 2024 and is effective.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene an EGM

Pursuant to the Articles of Association, the Board shall, on the written requisition to the Board or the Company Secretary, of the members of the Company holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, proceed to convene an EGM for the transaction of any matters specified in such requisition and such meeting shall be held within two months after the deposit of such requisition. Shareholders may at any time send their requisitions and enquires to the Board in writing through the Company Secretary whose contact details are set out under the "Contact Us" section of the Company's website at www.fullshare.com.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) may convene the meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Putting forward Proposals at a General Meeting

There are no provisions under the Articles of Association or the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an EGM for any matters specified in such written requisition.

Procedures for Proposing a Person for Election as a Director

Shareholders may elect any individual (the "**Candidate**") to be a Director by ordinary resolution. The Candidate for election is proposed by a separate resolution put forward for Shareholders' consideration at general meetings.

According to Article 88 of the Articles of Association, any member who wishes to propose a Candidate (other than the member himself/herself) for election as a Director should observe the following nomination procedure:

1. Prepare a signed notice of intention to propose a Candidate for election. The notice has to be signed by a member other than the Candidate being proposed.

2. Obtain a notice signed by the Candidate stating his/her willingness to be elected.

3. Both notices shall be submitted to the head office or the registration office.

4. The period for lodgment of the said notices shall be a seven day period commencing on the day after the dispatch of the notice of the general meeting and ending on the date falling seven days after the dispatch of the said notice of the general meeting, and in any event such period shall be not be less than seven days commencing on no earlier than the day after the dispatch of the such notice of the general meeting and ending no later than seven days prior to the date of such general meeting.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquires and concerns to the Board in writing through the Company Secretary whose contact details are set out under the "Contact Us" section of the Company's website at www.fullshare.com.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

During the Year 2024, the Company has not made any changes to its Memorandum and Articles of Association. The current version of the Memorandum and Articles of Association is available on the websites of the Stock Exchange and the Company. Shareholders may refer to the Articles of Association for further details of their rights.

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company gives priority to distributing dividend in cash and shares its profits with its shareholders. The dividend payout ratio shall be determined by the Board at its absolute discretion after taking into account the Company's financial results, future prospects and other factors, and subject to:

– the Articles of Association;

– the applicable restrictions and requirements under the laws of the Cayman Islands;

– any banking or other funding covenants by which the Company is bound from time to time;

– the investment and operating requirements of the Company; and

– any other factors that have material impact on the Company.

On behalf of the Board

Ji Changqun
Chairman

Hong Kong, 31 March 2025

Report of the Directors

The board (the "**Board**") of directors (the "**Director(s)**") of Fullshare Holdings Limited (the "**Company**") presents the annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2024 (the "**Year 2024**").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group are property development and investment, tourism, investment and financial services, provision of healthcare and education products and services and new energy business. Details of the principal activities of each of the principal subsidiaries of the Group are set out in note 53 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year 2024 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 69 to 70 of this report.

The Board has resolved not to declare a dividend for the Year 2024.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders of the Company (the "**Shareholder(s)**") as at 31 December 2024 and 2023 were as follows:

	2024 **RMB'000**	2023 RMB'000
Share premium	**17,878,691**	17,878,691
Contributed surplus	**82,603**	82,603
Accumulated losses	**(4,126,871)**	(1,048,290)
Total	**13,834,423**	16,913,004

Under the Companies Act, Cap. 22 of the Cayman Islands, the share premium is available for paying distributions or dividends to Shareholders subject to the provisions of its memorandum and articles of association and provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company shall be able to pay its debts as they fall due in the ordinary course of business. The articles of association of the Company (the "**Articles of Association**") provides that an ordinary resolution passed by the Shareholders is required for any distribution out of the share premium account. In the opinion of the Directors, the reserves of the Company available for distribution as calculated in accordance with the statutory provisions applicable comprise share premium, contributed surplus and retained profits.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year 2024 are set out in note 18 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Group during the Year 2024 are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of the share capital of the Company are set out in note 42 to the consolidated financial statements. During the Year 2024, there was no movement in the share capital of the Company.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year 2024 or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"))) of the Group during the Year 2024. As at 31 December 2024, the Company did not own any treasury shares (including any treasury shares held or deposited with CCASS (as defined in the Listing Rules)).

USE OF PROCEEDS

The aggregate net proceeds received from the placing completed on 9 June 2022 was approximately HK$294.7 million.

As disclosed in the 2023 annual report of the Company, HK$224.7 million has been utilised during the year ended 31 December 2022, and HK$70 million which was originally utilised as earnest money on an investment engaged in the e-commerce business will be refunded to the Company as the relevant memorandum of understanding has lapsed and the Company intends to apply such amount for working capital and general corporate purpose (including paying expenses for operating and financing activities and may also include repayment of indebtedness which may become due and payable).

The amount of the net proceeds brought forward in the beginning of the Year 2024 was HK$70 million. The table below sets out the details of the revised allocation and status of utilisation of the net proceeds during the Year 2024:

Usage of net proceeds	Amount of net proceeds brought forward in the beginning of the Year 2024 and the revised allocation of usage (HK$ million)	Actual utilised amount of net proceeds during the Year 2024 (HK$ million)	Unutilised amount of net proceeds as of 31 December 2024 (HK$ million)	Expected timeline of full utilisation
Working capital and general corporate purpose (including paying expenses for operating and financing activities and may also include repayment of indebtedness which may become due and payable)	70.0	–	70.0	By 31 December 2025
Total	70.0	–	70.0	

MAJOR CUSTOMERS AND SUPPLIERS

During the Year 2024, the Group's largest customer and five largest customers accounted for approximately 10.9% and 43.4% of the total sales for the year respectively.

During the Year 2024, the Group's largest supplier and five largest suppliers accounted for approximately 7.6% and 27.4% of the total purchases for the year respectively.

During the Year 2024, none of the Directors or any of their respective close associates nor any Shareholders which to the knowledge of the Directors own more than 5% of the total number of issued shares of the Company had any interest in any of the Group's five largest customers and suppliers.

DIRECTORS

The Directors during the Year 2024 and up to the date of this report were:

Executive Directors:
Mr. Ji Changqun *(Chairman and CEO)*
Ms. Du Wei
Mr. Shen Chen
Mr. Ge Jinzhu

Independent Non-Executive Directors:
Mr. Lau Chi Keung
Mr. Tsang Sai Chung
Mr. Huang Shun

In accordance with Article 87 of the Articles of Association, Mr. Ji Changqun, Mr. Lau Chi Keung and Mr. Tsang Sai Chung shall retire from office by rotation and, being eligible, offer themselves for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) were required to be recorded in the register required to be kept by the Company under Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules, were as follows:

Long positions in the Shares or underlying Shares

Name of Director	Nature of interests	Number of issued Shares held/underlying Shares held under equity derivatives	Approximate percentage of the total issued share capital of the Company[(2)]
Mr. Ji Changqun ("**Mr. Ji**")	Beneficial owner and interest in controlled corporation[(1)]	170,685,859[(1)]	26.81%

Notes:

(1) As at 31 December 2024, 18,190,200 Shares are held by Mr. Ji directly as the beneficial owner. In addition, by virtue of the SFO, Mr. Ji is deemed to be interested in 152,495,659 Shares held by Magnolia Wealth International Limited ("**Magnolia Wealth**"), a company incorporated in the British Virgin Islands (the "**BVI**") which is wholly-owned by Mr. Ji. Accordingly, Mr. Ji is interested in 170,685,859 Shares in total. As disclosed in the Company's announcement dated 16 November 2023, the Board received a letter informing the Company that China CITIC Bank Corporation Limited, Nanjing branch (as the chargee) appointed receivers and managers over 97,600,000 Shares (then 4,880,000,000 Shares prior to the share consolidation of the Company which took effect on 4 December 2023) which are registered and beneficially held by Mr. Ji and Magnolia Wealth. For details of the receivers, please see the section headed "Substantial Shareholders" of this report.

(2) The approximate percentage has been calculated based on the total of 636,763,934 Shares in issue as at 31 December 2024.

Save as disclosed above, none of the Directors or chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 December 2024.

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the Year 2024 was the Company or any of its subsidiaries, holding company or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the related party transactions in note 54 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which a Director or his/her connected entity had, directly or indirectly, a material interest, subsisted at the end of the Year 2024 or at any time during the Year 2024.

MANAGEMENT CONTRACTS

No contract by which a person undertakes the management and administration of the whole or any substantial part of any business of the Company (except for service contracts of Directors or any person engaged in full-time employment of the Company) was entered into or subsisted during the Year 2024.

SUBSTANTIAL SHAREHOLDERS

Based on the disclosures of interests filed on the Stock Exchange's website, as at 31 December 2024, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Nature of interests	Number of issued Shares held[5]	Approximate percentage of the total issued share capital of the Company[6]
Magnolia Wealth	Beneficial owner[1]	152,495,659 (L)	23.95%
Ms. Zhang Hongyun (張洪雲)	Beneficial owner	60,000,000 (L)	9.42%
Mr. Wu Jianzhong (巫建忠)	Beneficial owner	43,120,000 (L)	6.77%
Mr. Jiang Xiao Heng Jason (姜孝恒)	Beneficial owner	39,400,000 (L)	6.19%
Superb Colour Limited ("**Superb Colour**")	Beneficial owner[2]	19,343,569 (L) 19,648,843 (S)	3.04% 3.09%
	Interest of controlled corporation[2]	14,305,273 (L)	2.24%
Huarong Huaqiao Asset Management Co., Ltd. (華融華僑資產管理股份有限公司) ("**Huarong Huaqiao**")	Interest of controlled corporation[2]	33,648,842 (L) 19,648,843 (S)	5.28% 3.09%
China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) ("**China Huarong Asset**")	Interest of controlled corporation[2]	33,648,842 (L) 19,648,843 (S)	5.28% 3.09%
China Citic Bank Corporation Limited (中信銀行股份有限公司)	Person having a security interest in shares[3]	98,040,000 (L)	15.40%
Mr. Chan Man Hoi (陳文海)	Receiver[4]	97,600,000 (L)	15.33%
Mr. Guo Xichu (郭喜初)	Receiver[4]	97,600,000 (L)	15.33%

Notes:

1. The entire issued share capital of Magnolia Wealth is beneficially owned by Mr. Ji.

2. References were made to the disclosures of interests made by Huarong Huaqiao and China Huarong Asset on the Stock Exchange's website on 5 March 2020 respectively. Superb Colour has long position in 33,648,842 Shares (directly interested in 19,343,569 Shares and indirectly interested in 14,305,273 Shares through a 100% controlled corporation, namely Shanghai Asset Management LP) and short position in 19,648,843 Shares.

   Superb Colour is a company incorporated under the laws of BVI which is a wholly-owned subsidiary of Pure Virtue Enterprises Limited ("**Pure Virtue**"). Pure Virtue is a company incorporated under the laws of BVI which is wholly-owned by China Huarong Overseas Investment Holdings Co., Limited ("**China Huarong Overseas**"). China Huarong Overseas is a company incorporated under the laws of Hong Kong and is a wholly-owned subsidiary of Huarong Huaqiao. Therefore, Huarong Huaqiao is deemed to be interested in the said Shares held by Superb Colour under the SFO.

   Huarong Huaqiao is an enterprise established under the laws of the PRC and is beneficially owned as to 91% by Huarong Zhiyuan Investment & Management Co., Ltd. ("**Huarong Zhiyuan**"). Huarong Zhiyuan is wholly-owned by China Huarong Asset. As such, China Huarong Asset is deemed to be interested in the said Shares held by Superb Colour under the SFO.

3. China Citic Bank Corporation Limited (中信銀行股份有限公司) held 98,040,000 Shares as holder of security interest.

4. References were made to the disclosure of interests dated 24 March 2025. Mr. Chan Man Hoi (陳文海) and Mr. Guo Xichu (郭喜初) were appointed as new joint and several receivers over 97,600,000 Shares. For details, please see the section headed "Directors' and Chief Executives' Interests in Shares, Underlying Shares and Debentures" of this report.

5. The letter "L" denotes long position in the Shares; and the letter "S" denotes short position in the Shares.

6. The approximate percentage has been calculated based on the total of 636,763,934 Shares in issue as at 31 December 2024.

Save as disclosed above, the Company has not been notified of any other person (other than Directors or chief executives of the Company) who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO as at 31 December 2024.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTION

Details of the related party transactions undertaken during the Year 2024 are disclosed in note 54 to the consolidated financial statements.

For those related party transactions that constituted connected transactions or continuing connected transactions (as the case may be) under the Listing Rules, these transactions are exempt from reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Save as mentioned above, there was no connected transaction or continuing connected transaction undertaken by the Company during the Year 2024 and up to the date of this annual report which was required to be disclosed pursuant to Chapter 14A of the Listing Rules.

COMPETING BUSINESS

As disclosed in the circular of the Company dated 28 October 2013 relating to, amongst other things, the very substantial acquisition in relation to the acquisition of Nanjing Fullshare Asset Management Limited* (南京豐盛資產管理有限公司) (an enterprise established under the laws of the PRC with limited liability and currently a wholly owned subsidiary of the Company) and the reverse takeover involving a new listing application (the "**RTO Circular**"), pursuant to the non-competition undertaking dated 25 October 2013 entered into between the Controlling Shareholders (as defined in the RTO Circular) and the Company (the "**Non-Competition Undertaking**"), save for continuing their engagements in the Excluded Projects (as defined in the RTO Circular) and certain exceptions relating to their holding of and/or being interested in shares and other securities in any member of the Group and any other company listed on a recognised stock exchange engaging in the restricted business (please refer to the RTO Circular for details) set out in the Non-Competition Undertaking, the Controlling Shareholders will not be allowed to engage in any residential property (including villas) and mixed-use property (as defined in the section headed "Glossary of Technical Terms" of the RTO Circular) development business in the PRC (the "**Restricted Business**"), and they will only be involved in the commercial property development business. For further details in respect of the Non-Competition Undertaking, please refer to the RTO Circular. As at 31 December 2024, the Controlling Shareholders and any of their respective associates (other than the members of the Group) did not, directly or indirectly, whether on their own or jointly with another person or company, own, invest in, participate in, develop, operate or engage in any business or company which directly or indirectly competes or may compete with the Restricted Business. Save for the Non-Competition Undertaking, as at 31 December 2024, the Controlling Shareholders did not give any other non-competition undertaking to the Company.

The Company has received the written declarations from Mr. Ji and Magnolia Wealth on their compliance with the undertaking under the Non-Competition Undertaking for the Year 2024. Based on the declarations received from Mr. Ji and Magnolia Wealth and after review, the independent non-executive Directors considered that Mr. Ji and Magnolia Wealth had complied with the terms set out in the Non-Competition Undertaking for the Year 2024.

Save as disclosed above, as at 31 December 2024, none of the Directors had an interest in the business, apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with the business of the Group.

CONTINUING DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 24 November 2020, the Company through its then wholly owned subsidiary completed the acquisition of 80% equity interest in Tianjin Heheng Investment Development Co., Ltd.* (天津合恒投資發展有限公司) ("**Tianjin Heheng**") (the "**Acquisition**"). Upon completion of the Acquisition, Tianjin Heheng became a subsidiary of the Company.

A loan was provided by an asset management company (the "**Lender**") to Tianjin Heheng in an aggregate principal amount of RMB573,300,000 for the purpose of project development and construction and general working capital (the "**Loan**"). Upon completion of the Acquisition, the Loan became a loan extended to the Group. The Loan is secured by a pledge of 30,400,000 ordinary shares with a par value of HK$0.5 each in the issued share capital of the Company (the "**Pledged Shares**") created by Magnolia Wealth which was controlling shareholder (as defined under the Listing Rules) of the Company as at the date that Magnolia Wealth pledged the shares, in favour of the Lender. Tianjin Heheng was disposed on 26 September 2024 and became an associate of the Company. As at 26 September 2024, (i) Magnolia Wealth was no longer a controlling shareholder of the Company, it held 152,495,659 shares of the Company, representing approximately 23.95% of the issued share capital of the Company; and (ii) the Pledged Shares represented approximately 4.77% of the issued share capital of the Company.

BUSINESS REVIEW

Overview

The overview is set out in the "Management Discussion and Analysis" on pages 9 to 27 of this annual report.

Financial key performance indicators

During the Year 2024, the Group has recognised a decrease in revenue (being one of the financial key performance indicators) of approximately RMB1,697,900,000 or 6.8% to approximately RMB23,147,916,000 (2023: RMB24,845,816,000). As the major contribution of revenue, the new energy segment has contributed approximately RMB22,075,470,000 or 95.4% to the Group's revenue in the Year 2024 (2023: RMB24,077,148,000). In addition, properties segment has contributed approximately RMB242,025,000 or 1% to the total revenue of the Group in the Year 2024 (2023: RMB254,155,000). The revenue generated from tourism segment was approximately RMB339,795,000 or 1.5% of the Group's revenue in the Year 2024 (2023: RMB360,389,000). The revenue generated from healthcare, education and others segment was approximately RMB487,458,000 or 2.1% of the Group's revenue in the Year 2024 (2023: RMB151,444,000).

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

The Group's financial position remained solid. The net assets of the Group decreased by RMB2,834,435,000 or 16.3% from approximately RMB17,438,010,000 as at 31 December 2023 to approximately RMB14,603,575,000 as at 31 December 2024. The Group generated an operating cash outflow of approximately RMB114,666,000 in the Year 2024 (2023: inflow of RMB786,788,000).

Revenue, net profit/loss, net assets and operating cash flow are selected by the Group as the indicators of assessment on the profitability and solvency of the Group. The analysis of these indicators can comprehensively summarise and evaluate the financial conditions and operating achievements of the Group.

Future Development

The future development is set out in the section headed "Prospect" under "Management Discussion and Analysis" on page 16 of this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is convinced that good corporate risk management is of particular importance to its sustainable development, corporate reputation and shareholder value. The Group is committed to maintaining a high standard of management based on the principle of emphasising integrity, transparency, accountability and independence, as well as conducting risk assessments and preventive measures for sustainable future development from time to time. The principal risks of the Group are summarised and managed as follows.

Report of the Directors

Macro-economic environment

At present, the Group operates real estate and healthcare tourism business and holds financial assets mainly for investment in the PRC. Changes in the economic environment may lead to adverse risks in the business environment. In 2024, the overall development of the real estate industry was not optimistic as it entered a trough period where property prices in the market were still hovering at a low level. Although local governments in various regions have loosened the restrictions on property purchase policies gradually, market response was not satisfactory. The real estate market was still under a very sluggish state.

Management's response: Currently, the Group's property assets are mainly self-owned and its shopping malls and hotels are in good operating condition. The Company believes that the overall economic environment is expected to improve in the future, which may promote the development of the property market to a certain extent and enhance the value of the Company's properties. The Group will continue to pay attention to the policy direction in the real estate and finance sectors, improve asset management level and optimise the Group's asset deployment. The Group will adjust its investment portfolios according to the actual market conditions through clear risk management policies and sound investment strategies, so as to further enhance the Group's profitability.

Market competition

China's commercial market is seeing fierce competition in areas including but not limited to service, quality, design, branding, cost control and environmental support. If competitors of the Group continue to improve their products, it may have a negative impact on the overall profitability of the Group.

Management's response: The Group will pay close attention to the policy information and the market environment, and adjust the level of commercial and hospitality services, and introduce ancillary services such as major healthcare and Chinese medicine and wellness services while also reduce the risk of competition. The Group expects to continuously improve the quality of its products and services, and effectively expand the market demand for the Group's products and services at the current stage of industry integration through accurate positioning and effective risk control.

Fluctuations in exchange rate

At present, the Group's operating currency is primarily RMB. However, the Group's export sales and equipment import are mainly denominated in US dollars and Euros. In addition, the Group's overseas corporate assets and liabilities are mainly held in foreign currencies. In 2024, RMB continued to depreciate. Therefore, the Group's operating cash flows and asset prices are subject to fluctuations in exchange rate.

Management's response: The Group will continue tracking changes in national monetary policies and the global economy and pay close attention to hedging tools of exchange rate risks in the market. It will actively manage financial assets by formulating measures and strategies to manage foreign exchange risks, so as to reduce the impact of fluctuations in exchange rate on the Group.

Loss of control risk of key subsidiaries

At the end of September 2024, the Articles of Association of Nanjing High Speed Gear Manufacturing Co., Ltd*（南京高速齒輪製造有限公司）(“**Nanjing High Speed**”) were changed, as the result of which the Company has lost its definite control over the board of Nanjing High Speed. Nanjing High Speed, principally engaged in the manufacturing and sale of wind and industrial gear transmission equipment, is the key subsidiary of the Group, which generated sales revenue of approximately RMB17,266,181,000 for the Year 2024, amounting to over 75% of the total revenue of China High Speed Transmission Equipment Group Co., Ltd. (“**CHS**”) and around 75% of the total revenue of the Group.

The Company understands that Nanjing Gear Enterprise Management Co., Ltd.*（南京高齒企業管理有限公司）(“**Nanjing Gear Management**”) has entered into an acting in concert agreement with Jinhu Shifu Corporate Management Partnership (Limited Partnership)*（金湖釃福企業管理合夥企業（有限合夥）(“**Jinhu LP**”), pursuant to which, Jinhu LP would procure the respective directors nominated by it to vote in the same manner as those nominated by Nanjing Gear Management in the board meetings of Nanjing High Speed. Nevertheless, the acting in concert agreement contains several termination clauses under which Jinhu LP has the right to terminate it, which will result Nanjing High Speed no longer to be a subsidiary of the Company and the results of Nanjing High Speed no longer to be consolidated to the Company’s consolidated financial statements.

Management’s response:

As of the date of this report, the Company has not been provided any explanation from CHS regarding the termination clauses for the acting in concert agreement. Therefore, the Company would like to draw highest attention to the risk that Nanjing High Speed will cease to be a subsidiary of the Company at any time. For details, please refer to the announcements of the Company dated 7 March 2025,13 March 2025 and 31 March 2025.

The Company has requested CHS to convene an extraordinary general meeting to remove the core responsible persons for this matter, namely Mr. Hu Jichun and Mr. Hu Yueming. In addition, the Company reserves its rights to take various lawful and compliant measures, including but not limited to, filing complaints and initiating judicial proceedings, to protect the interests of the Company and all shareholders of the Company.

Key Relationships

(i) Employees

Human resources are regarded as an irreplaceable capital of the Group, therefore the Group places great emphasis on the development and training of employees. The Group provides a relaxed work environment and enterprise atmosphere for its employees and builds a platform for them to succeed in their career, thereby enabling them to grow together with the Group. “Creating together with sharing” is the objective which the Company is always adhering to, and the Company has helped all its employees to build their self-worth and to reach their goals.

The Company is committed to building a positive and healthy working environment, organising a variety of team activities. By integrating sports activities into various team activities, the Company is leading an active and healthy lifestyle, embodying fully the healthy concept of “Fullshare being belonging to us and health being belonging to oneself”, and steadfastly become a practitioner of a healthy lifestyle. At the same time, the Group provides various training opportunities and a better development platform for its employees, motivates its employees to build their self-worth and provides a broad career stage and development room for all its employees.

In addition, the Group provides competitive remuneration and comprehensive welfare guarantee to its employees, and gives monetary and spiritual reward to those employees who have made outstanding contributions.

(ii) Suppliers

We have established long-term cooperation relationship with a number of suppliers, and strived to ensure that they are in compliance with our undertaking on quality and ethics. We require the suppliers to observe our undertaking of integrity. We have stringent requirements in suppliers selection and that they must satisfy the qualification requirements in qualification, capital, performance, etc. and pass our evaluation at different levels before entering into our qualified suppliers list.

(iii) Customers

Our diversified products target different customer bases. From design to completion of ultimate products, we always consider the demand and needs of our customers. No matter who our customers is, whether they are the emerging enterprises, parvenus who need social circles or consumers who focus on shopping experience, they can find strong resonance from our company products. As our marketing focuses on the widespread and subdivided channels, we can access the most relevant population easily. Through on-site exhibition, we enable each customer to understand the different complex we have brought, thereby achieving a win-win situation in sales.

Environmental Policies

We are committed to building an environmentally-friendly corporation that pays close attention to conserving natural resources. We strive to minimize our environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

Compliance with Laws and Regulations

The Group's operations are mainly carried out by the Company's subsidiaries in the PRC while the Company itself is listed on the Stock Exchange. Accordingly, our establishment and operations shall comply with relevant laws and regulations in the PRC and Hong Kong. During the Year 2024 and up to the date of this report, we have complied with all the relevant laws and regulations in the PRC and Hong Kong.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the remuneration committee of the Company (the "**Remuneration Committee**") on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Details of the remuneration of the Directors, chief executive officer and five highest paid individuals in the Group for the Year 2024 are set out in notes 13 and 14 to the consolidated financial statements respectively.

DONATION

During the Year 2024, with the mission of "Building Together for Prosperity and Enjoyment", the Group has been dedicated to giving back to society and accumulated achievements over the years. The Group's efforts to support the community have been acknowledged over the years.

During the Year 2024, the Group made charitable donations of approximately RMB5,211,000.

Further details will be set out in the Environmental, Social and Governance Report (the "**ESG Report**") to be published separately.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As a corporate citizen, the Group has always been committed to promoting the sustainable development of business, the environment and even the community. For the strategy and performance of the Group in relation to sustainable development, please refer to the ESG Report to be published separately. The ESG Report will be uploaded to the websites of the Stock Exchange and the Company as close as possible to the publication of this annual report, and in any event no later than four months after the end of the financial year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

RELIEF FROM TAXATION

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holding of the Company's securities.

RETIREMENT BENEFITS SCHEME

Details of the retirement benefits scheme maintained by the Group are set out in notes 2 and 11 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules throughout the Year 2024 and as at the latest practicable date prior to the issue of this annual report.

Report of the Directors

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. The Company has provided Directors with directors' liability insurance coverage to protect them from loss as a result of relevant legal proceeding against the Directors. The relevant permitted indemnity provision and the directors' liability insurance have been in force throughout the Year 2024 and as at the date of this report.

SUBSEQUENT EVENTS

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

Save as disclosed above, there are no other material subsequent events occurred subsequent to 31 December 2024.

AUDITOR

The consolidated financial statements for the Year 2024 have been audited by Baker Tilly Hong Kong Limited ("**Baker Tilly**"), who shall retire at the conclusion of the forthcoming AGM. A resolution for the re-appointment of Baker Tilly as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Ji Changqun
Chairman

Hong Kong, 31 March 2025

* *For identification purposes only*

bakertilly
天職國際

Independent auditor's report to the shareholders of
Fullshare Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Fullshare Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 69 to 203, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, including material accounting policy information.

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

BASIS FOR QUALIFIED OPINION

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

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

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

BASIS FOR QUALIFIED OPINION *(continued)*

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

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

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

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

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

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

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

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

BASIS FOR QUALIFIED OPINION *(continued)*

Financial assets at fair value through profit or loss

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

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

Related party transactions

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

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the "Basis for qualified opinion" section, we have determined the matters described below to be the key audit matters to be communicated in our report.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on goodwill relating to new energy cash-generating unit ("CGU")	
Refer to Note 5(ii)(a) (Significant accounting judgements and estimates – Impairment of goodwill) and Note 21 (Goodwill) to the consolidated financial statements. As at 31 December 2024, the Group's goodwill relating to new energy CGU has carrying value of approximately RMB1,492,488,000. Management is required to assess goodwill impairment both annually and whenever there is an indication that a CGU to which goodwill has been allocated may be impaired. Management monitored the operations of the new energy CGU to which the goodwill has been allocated and compared the recoverable amount with the carrying amount as at 31 December 2024. The recoverable amount of that CGU is determined by using value-in-use calculations based on discounted future cash flows. Significant judgements and estimates were made by management in the assessment about future business performance. With the assistance of external valuers, management has exercised significant judgements and estimates in identifying the appropriate valuation models and inputs adopted in the value-in-use calculations include revenue growth rate, operating margin and discount rate. We, therefore, consider impairment assessment on goodwill is an area of audit focus.	We understood and tested the processes and key controls of the Group over the assessment on the goodwill impairment; We evaluated the competence, capabilities and objectivity of the Group's external valuers; We obtained new energy CGU's cash flow forecasts prepared by management for goodwill impairment and assessed the historical accuracy of management's forecasts by comparing the current year's actual cash flows with the prior year's cash flow forecasts; We assessed the valuation approaches and methodologies adopted in the evaluation of goodwill impairment with reference to the industry practice and the requirements of prevailing accounting standards; We assessed management's estimation and challenged the reasonableness of key assumptions and inputs (such as revenue growth rate, operating margin and discount rate) adopted in the value-in-use calculations by: • Compared the revenue growth rate used in the five-year forecast period with the approved budget and market development of the relevant business and industry; • Compared the operating margin with the Group's past performance, taking into consideration of market trends; and • Assessed the discount rate by considering weighted average cost of capital for that CGU with comparable companies in the open market, as well as considering territory specific factors, such as risk-free interest rate and debt ratio prevailing in relevant market. We evaluated management's assessment of the sensitivity of the Group's impairment model against reasonably possible changes around the key assumptions and inputs. Based on the procedures above, we consider the judgements and estimates made by management in respect of impairment assessment on goodwill were supported by available evidences.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value measurement of financial instruments with significant inputs not based on observable market data (Level 3)	
Refer to Note 4 (Fair value estimation), Note 5(ii)(e) (Significant accounting judgements and estimates – Fair value measurement of financial instruments), Note 26 (Financial assets at fair value through profit or loss), Note 27 (Financial assets at fair value through other comprehensive income) and Note 29 (Derivative financial instruments) to the consolidated financial statements. As at 31 December 2024, the balances of the Group's financial assets measured at fair value with significant unobservable inputs amounted to approximately RMB5,623,286,000 in total, and the balances of derivative financial liability amounted to approximately RMB34,254,000. These unlisted financial instruments were valued with inputs not based on quoted market prices in an active market or observable market data and were categorised as Level 3 in the fair value hierarchy. The fair values of Level 3 financial instruments were determined through the application of various valuation techniques. With the assistance from external valuers, management has exercised significant judgements and estimates in identifying the appropriate valuation models and inputs including but not limited to revenue growth rate, operating margin, discount rate, discount for lack of marketability and multiples in relation to share price changes, earnings and price-to-book. We have therefore focused on this area.	We understood and tested management's procedures and key controls over the measurement of fair values of Level 3 financial instruments; We evaluated the competence, capabilities and objectivity of the Group's external valuers; We evaluated and challenged the valuation models and key inputs adopted by the Group on a sample basis including: • Compared the revenue growth rate and operating margins to the forecast of future profits, historical data, market trend, and evaluated the assumptions adopted by management as appropriate; • Assessed the reasonableness of the discount rate by comparing weighted average cost of capital of comparable companies in the open market; • Evaluated the discount for lack of marketability, earnings, share price changes and price-to-book multiples used by comparing with similar types of companies, and • Evaluated the valuation of selected financial instruments by considering alternative valuation methodologies and assessing sensitivities to key inputs. Based on the procedures above, except for the fair value of financial instruments of RMB423,300,000 as mentioned in the heading of "Financial assets at fair value through profit or loss" of the "Basis for qualified opinion" paragraph, we consider the judgements and estimates applied by management in measuring the fair values of the other Level 3 financial instruments with significant unobservable inputs were supported by available evidences.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of trade receivables at amortised cost	
Refer to Note 3(iv) (Financial risk management – Credit risk), Note 5(ii)(c) (Significant accounting judgements and estimates – Impairment of financial assets) and Note 31 (Trade receivables) to the consolidated financial statements. As at 31 December 2024, the Group's trade receivables at amortised cost amounted to approximately RMB6,180,845,000 (net of allowance of approximately RMB3,833,695,000). Management applied significant judgements and estimates in assessing the expected credit losses on trade receivables. Trade receivables relating to customers with known financial difficulties or significant doubt on collection of receivables are assessed individually for loss allowances. Expected credit losses are also estimated by grouping the remaining receivables with similar credit risk characteristics and collectively assessed for likelihood of recovery, taking into account the nature of the customers and its ageing category. The expected credit loss rates are determined based on historical credit losses experienced from the past 12 to 48 months and are adjusted to reflect current and forward-looking information such as macroeconomic factors affecting the ability of the customers to settle the receivables. We focused on this area because significant management judgements and estimates are applied in determining loss allowance of such balances.	We understood and tested key controls over management's policies, processes and controls over the assessment of recoverability of trade receivables balance and determination of loss allowances; We assessed the appropriateness of the credit loss provisioning methodology used by the Group; For trade receivables assessed individually, we obtained management's assessment on the collectability (both amount and timing) of receivables balances. We corroborated against available evidences, include interviewing sales personnel, examining the correspondences with the relevant customers and inquiring the Group's internal legal counsel as to whether there are any of disputes with customers; We challenged management's assumptions used to determine the expected credit losses by considering cash collection performance against historical trends and current and forward-looking information such as the impact of macroeconomic factors on probability of default and loss given default based on our understanding of the industry and with reference to external data source, and evaluate the historical accuracy of these default data adopted by management; We tested, on a sample basis, whether items in the trade debtor ageing report were classified within the appropriate ageing brackets by comparing individual items in the report with underlying documentation, including sales invoices or equivalent; and We re-performed management's calculation of loss allowances assessment. Based on the procedures above, except for the loss allowances of RMB3,188,981,000 as mentioned in the heading under "Trade receivables arising from trading business included in new energy segment and related impairment" of the "Basis for qualified opinion" paragraph, we consider the judgements and estimates applied by management in respect of the assessment of loss allowances of the other trade receivables were supportable by available evidences.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of loan receivables	
Refer to Note 3(iv) (Financial risk management – Credit risk), Note 5(ii)(c) (Significant accounting judgements and estimates – Impairment of financial assets) and Note 28(i) (Loan receivables) to the consolidated financial statements. As at 31 December 2024, the Group's loan receivables amounted to approximately RMB96,933,000 (net of allowance of approximately RMB738,630,000). Management assessed the loss allowances of loan receivables based on the expected credit loss model. The expected credit loss model involves significant management judgements and assumptions regarding the probability of default, loss given default, historical delinquency ratio of loans and interest, collateral values, economic indicators on forward-looking information as well as other significant factors not covered in the expected credit loss model, if applicable. We focused on this area because significant management judgements and estimates are applied in determining the loss allowances of such balances.	We understood and tested key controls over loss allowances assessment of loan receivables, which relates to management's judgements and assumptions including assessment of criteria of significant increase in credit risk, criteria of defaults and forward-looking information; We checked to loan agreements and drawdown and repayment slips, on a sample basis, to test the existence and accuracy of the ageing of loan receivables applied in the expected credit loss model; We assessed the valuation methodology and approach adopted by management in the expected credit loss model; We evaluated and challenged the appropriateness of the key assumptions used by management, such as delinquency ratio, collateral values, probability of default, exposure at default, loss given default, forward-looking information, etc., used in the expected credit loss model with reference to the historical data and market economic data; and We re-performed management's calculation of loss allowances assessment. Based on the procedures above, we consider the judgements and estimates applied by management in the assessment of loss allowances of loan receivables were supportable by available evidences.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the "Basis for qualified opinion" section above, we were unable to obtain sufficient appropriate evidence about the possible effects arising from certain balances and transactions as at and for the year ended 31 December 2024. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these balances and transactions or other items in the annual report affected by this matter.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER MATTERS UNDER SECTIONS 407(2) AND 407(3) OF THE HONG KONG COMPANIES ORDINANCE

In respect along of the inability to obtain sufficient appropriate audit evidence regarding certain balances and transactions as described in the "Basis for qualified opinion" section of our report above:

- We were unable to determine whether adequate accounting records had been kept; and

- We have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

The engagement director on the audit resulting in this independent auditor's report is Mr. Cheung Hon Pui.

Baker Tilly Hong Kong Limited
Certified Public Accountants
Hong Kong, 31 March 2025
Cheung Hon Pui
Practising certificate number P08297

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Revenue	7	23,147,916	24,845,816
Cost of sales and services provided	11	(19,654,507)	(21,304,093)
Gross profit		3,493,409	3,541,723
Selling and distribution expenses	11	(619,837)	(618,040)
Administrative expenses	11	(826,239)	(980,759)
Research and development costs	11	(809,474)	(904,473)
Net provision for impairment losses recognised on financial assets	3(iv)	(569,840)	(684,970)
Impairment losses on trade receivables and prepayments in relation to trading business included in new energy segment	49	(6,628,646)	–
Other income	9	496,403	410,329
Net fair value changes in financial instruments	8	(62,000)	(67,122)
Other losses – net	10	(547,313)	(9,657)
Operating (loss)/profit		(6,073,537)	687,031
Finance costs	12	(997,693)	(1,135,141)
Share of results of joint ventures	23	(32,393)	9,967
Share of results of associates	24	(34,798)	(6,717)
Loss before tax		(7,138,421)	(444,860)
Income tax expenses	15	(186,929)	(10,589)
Loss for the year		(7,325,350)	(455,449)
Other comprehensive (loss)/income for the year:			
Items that may be reclassified subsequently to profit or loss:			
– Exchange differences on translation of foreign operations		(158,982)	(59,799)
– Changes in fair value of debt instruments at fair value through other comprehensive income		(8,322)	9,013
– Income tax relating to these items		1,296	(1,517)
– Share of other comprehensive income/(loss) of associates	24	2,904	(1,243)
Items that will not be reclassified to profit or loss:			
– Changes in fair value of equity instruments at fair value through other comprehensive income		(6,855)	(454,261)
– Income tax relating to these items		6,296	95,958
– Reversal of deferred tax assets recognised in prior years		(213,388)	–
Other comprehensive loss for the year, net of tax		(377,051)	(411,849)
Total comprehensive loss for the year		(7,702,401)	(867,298)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
(Loss)/profit for the year attributable to:			
– Equity shareholders of the Company		**(6,013,900)**	(950,538)
– Non-controlling interests		**(1,311,450)**	495,089
		(7,325,350)	(455,449)
Total comprehensive (loss)/income for the year attributable to:			
– Equity shareholders of the Company		**(6,342,464)**	(1,281,331)
– Non-controlling interests		**(1,359,937)**	414,033
		(7,702,401)	(867,298)

	Note	2024 RMB	2023 RMB
Loss per share			
Basic and diluted loss per share	17	**(9.444)**	(1.722)

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	18	**10,827,956**	10,584,760
Investment properties	19	**2,795,588**	4,931,388
Right-of-use assets	20(a)	**1,288,185**	1,096,638
Goodwill	21	**1,503,817**	1,503,817
Other intangible assets	22	**138,731**	218,686
Investments in joint ventures	23	**143,998**	303,902
Investments in associates	24	**461,738**	339,589
Financial assets at fair value through other comprehensive income	27	**1,451,622**	1,675,229
Financial assets at fair value through profit or loss	26	**779,336**	439,395
Consideration receivables	28(ii)	**144,903**	154,326
Loan receivables	28(i)	**96,933**	131,130
Properties under development	33	**–**	536,311
Prepayments	32	**–**	5,890
Deferred tax assets	40	**666,344**	1,325,068
		20,299,151	23,246,129
Current assets			
Inventories	30	**6,056,212**	6,548,666
Trade receivables	31	**6,180,845**	8,524,702
Consideration receivables	28(ii)	**466,889**	130,593
Loan receivables	28(i)	**–**	524,497
Prepayments	32	**400,608**	1,978,386
Other receivables	28(iii)	**1,336,050**	1,879,212
Income tax prepaid		**12,354**	42,984
Financial assets at fair value through other comprehensive income	27	**3,352,590**	1,809,484
Financial assets at fair value through profit or loss	26	**155,252**	501,437
Properties held for sale	34	**–**	51,836
Restricted cash	35	**2,822,958**	3,578,324
Cash and cash equivalents	35	**3,965,148**	5,693,844
		24,748,906	31,263,965

Consolidated Statement of Financial Position

As at 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Current liabilities			
Trade and bills payables	36	**9,407,155**	7,625,165
Other payables and accruals	37	**3,413,945**	3,755,124
Contract liabilities	7(iii)	**1,643,709**	1,779,712
Derivative financial instruments	29	**34,254**	33,228
Lease liabilities	20(b)(i)	**47,841**	7,351
Bank and other borrowings	38	**6,359,850**	9,702,996
Income tax payable		**207,200**	647,684
Warranty provision	39	**908,794**	1,144,479
Deferred income		**69,735**	43,229
Written put option liability	41	**–**	4,772,175
		22,092,483	29,511,143
Net current assets		**2,656,423**	1,752,822
Total assets less current liabilities		**22,955,574**	24,998,951
Non-current liabilities			
Bank and other borrowings	38	**5,401,985**	4,777,218
Deferred income		**676,577**	475,164
Lease liabilities	20(b)(i)	**135,728**	8,629
Warranty provision	39	**1,260,019**	1,124,470
Deferred tax liabilities	40	**877,690**	1,175,460
		8,351,999	7,560,941
Net assets		**14,603,575**	17,438,010
Capital and reserves			
Share capital	42	**269,500**	269,500
Reserves	44	**7,633,340**	10,634,529
Equity attributable to equity shareholders of the Company		**7,902,840**	10,904,029
Non-controlling interests		**6,700,735**	6,533,981
Total equity		**14,603,575**	17,438,010

The consolidated financial statements on pages 69 to 203 were approved and authorised for issue by the Board of Directors on 31 March 2025 and were signed on its behalf.

Ji Changqun
Director

Shen Chen
Director

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital RMB'000	Equity reserve RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Merger reserve RMB'000	Employee share trust reserve RMB'000	Other reserve RMB'000	Investment revaluation reserve RMB'000	Reverse acquisition reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
	Attributable to equity shareholders of the Company													
At 1 January 2023	219,904	422,833	17,637,010	1,177,385	31,777	(35,258)	(2,307,746)	(891,365)	(390,381)	(35,318)	(3,789,798)	12,039,043	6,081,205	18,120,248
(Loss)/profit for the year	–	–	–	–	–	–	–	–	–	–	(950,538)	(950,538)	495,089	(455,449)
Other comprehensive (loss)/income for the year														
– Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	–	2,744	–	–	–	2,744	4,752	7,496
– Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax	–	–	–	–	–	–	–	(280,057)	–	–	–	(280,057)	(78,246)	(358,303)
– Share of other comprehensive loss of associates	–	–	–	–	–	–	–	(1,243)	–	–	–	(1,243)	–	(1,243)
– Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	(52,237)	–	(52,237)	(7,562)	(59,799)
Total comprehensive (loss)/income for the year	–	–	–	–	–	–	–	(278,556)	–	(52,237)	(950,538)	(1,281,331)	414,033	(867,298)
Transfer upon disposal of financial assets at fair value through other comprehensive income	–	–	–	–	–	–	–	6,019	–	–	(6,019)	–	–	–
Partial disposal of interest in a subsidiary without loss of control	–	–	–	–	–	–	(27,264)	–	–	–	–	(27,264)	38,743	11,479
New shares issued under share subscription	49,596	–	123,790	–	–	–	–	–	–	–	–	173,386	–	173,386
Disposal of award shares upon expiration of share award scheme	–	–	–	–	–	35,258	(35,063)	–	–	–	–	195	–	195
Transfer of reserve	–	–	–	77,150	–	–	–	–	–	–	(77,150)	–	–	–
At 31 December 2023	269,500	422,833	17,760,800	1,254,535	31,777	–	(2,370,073)	(1,163,902)	(390,381)	(87,555)	(4,823,505)	10,904,029	6,533,981	17,438,010

	Note	Share capital RMB'000	Equity reserve RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Merger reserve RMB'000	Other reserve RMB'000	Investment revaluation reserve RMB'000	Reverse acquisition reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity shareholders of the Company												
At 1 January 2024		269,500	422,833	17,760,800	1,254,535	31,777	(2,370,073)	(1,163,902)	(390,381)	(87,555)	(4,823,505)	10,904,029	6,533,981	17,438,010
Loss for the year		-	-	-	-	-	-	-	-	-	(6,013,900)	(6,013,900)	(1,311,450)	(7,325,350)
Other comprehensive (loss)/income for the year														
– Changes in fair value of debt instruments at fair value through other comprehensive income, net of tax		-	-	-	-	-	-	(2,502)	-	-	-	(2,502)	(4,524)	(7,026)
– Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax		-	-	-	-	-	-	45,580	-	-	-	45,580	(46,139)	(559)
– Share of other comprehensive income of associates		-	-	-	-	-	-	2,904	-	-	-	2,904	-	2,904
– Reversal of deferred tax assets recognised in prior years		-	-	-	-	-	-	(213,388)	-	-	-	(213,388)	-	(213,388)
– Exchange differences on translation of foreign operations		-	-	-	-	-	-	-	-	(161,158)	-	(161,158)	2,176	(158,982)
Total comprehensive loss for the year		-	-	-	-	-	-	(167,406)	-	(161,158)	(6,013,900)	(6,342,464)	(1,359,937)	(7,702,401)
Dividends to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	-	(102,078)	(102,078)
Transfer upon disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	-	(1,830)	-	-	1,830	-	-	-
Release of written put option liability	41	-	-	-	-	-	3,472,010	-	-	-	-	3,472,010	1,375,621	4,847,631
Disposal of a subsidiary	47	-	-	-	(333,598)	(22,352)	2,500	123,150	-	-	230,300	-	107,172	107,172
Acquisition of non-controlling interests in subsidiaries	48(i)	-	-	-	-	-	(6,679)	-	-	-	-	(6,679)	833	(5,846)
Partial disposal of interests in a subsidiary without loss of control	48(ii)	-	-	-	-	-	(124,056)	-	-	-	-	(124,056)	145,143	21,087
Transfer of reserve		-	-	-	38,782	-	-	-	-	-	(38,782)	-	-	-
At 31 December 2024		269,500	422,833	17,760,800	959,719	9,425	973,702	(1,209,988)	(390,381)	(248,713)	(10,644,057)	7,902,840	6,700,735	14,603,575

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	46(i)	70,510	1,141,543
Income taxes paid		(185,176)	(354,755)
Net cash (used in)/generated from operating activities		(114,666)	786,788
Cash flows from investing activities			
Interest received		131,332	162,926
Placements of pledged bank deposits		(9,040,177)	(10,162,620)
Withdrawal of pledged bank deposits		9,791,810	11,497,446
Investments in structured bank deposits		(20,000)	(160,000)
Redemption of structured bank deposits		20,092	213,556
Proceeds from disposal of financial assets at fair value through other comprehensive income		2,000	18,710
Purchases of financial assets at fair value through profit or loss		–	(916)
Proceeds from disposal of financial assets at fair value through profit or loss		17,676	–
Purchases of items of property, plant and equipment		(2,087,587)	(2,467,989)
Proceeds from disposal of items of property, plant and equipment		105,338	74,071
Proceeds from disposal of investment properties		34,413	44,409
Payments for right-of-use assets		(50,720)	(55,825)
Purchase of other intangible assets		(32)	–
Contributions to an associate	24	(15,000)	–
Disposal of a subsidiary	47	8,927	–
Proceeds from disposal/partial disposal of associates	24	22,801	39,843
Dividend received from an associate	24	2,872	2,900
Other investment income received		3,712	15,105
Receipt of government grants		296,371	236,029
Loans and other receivables granted		–	(259,000)
Receipt of loans and other receivables		6,000	302,835
Refund of land lease deposits		5,890	–
Receipt of consideration receivables		37,240	–
Net cash used in investing activities		(727,042)	(498,520)

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	2024 RMB'000	2023 RMB'000
Cash flows from financing activities			
New bank and other borrowings raised		**6,992,027**	8,185,847
Repayment of bank and other borrowings		**(7,185,429)**	(6,645,444)
Capital element of lease rental paid		**(20,212)**	(6,849)
Interest element of lease rental paid		**(2,252)**	(904)
Interest paid		**(600,419)**	(865,237)
Proceeds from placements and subscription of new shares		**–**	173,386
Acquisition of non-controlling interests in subsidiaries	48(i)	**(1,146)**	–
Consideration received for partial disposal of a subsidiary without loss of control	48(ii)	**21,087**	11,479
Dividends paid to non-controlling shareholders of subsidiaries		**(102,078)**	–
Proceeds from disposal of award shares upon expiration of share award scheme		**–**	195
Net cash (used in)/generated from financing activities		**(898,422)**	852,473
Net (decrease)/increase in cash and cash equivalents		**(1,740,130)**	1,140,741
Cash and cash equivalents at the beginning of the year		**5,693,844**	4,533,808
Net effect of foreign exchange rate changes		**11,434**	19,295
Cash and cash equivalents at the end of year		**3,965,148**	5,693,844

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

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

The Company is an investment holding company. Details of the activities of its principal subsidiaries are set out in Note 53 to the consolidated financial statements. The Company and its subsidiaries are referred to as the "Group" hereinafter. The Group is principally engaged in the following principal activities:

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

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

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 5.

During the year ended 31 December 2024, the Group failed to fulfil certain financial obligations as set out in an earnest money agreement and asset transfer agreement in respect of previous plan on disposal of equity interests of subsidiaries and certain assets (Note 37(ii)&(iii)), and a number of loan agreements in respect of certain overdue and defaulted borrowings (Note 38).

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

Notes to the Consolidated Financial Statements

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policies

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

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

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

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

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

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

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

- Amendments to HKFRS 9 and HKFRS 7, "Amendments to the classification and measurement of financial instruments", effective for annual periods beginning on or after 1 January 2026

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

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

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

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

2 **BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES** *(continued)*

2.2 **Changes in accounting policies** *(continued)*

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

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

2.3 **Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (Note 2.8).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity respectively.

2.4 **Associates**

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Investments in associates are accounted for using the equity method (Note 2.6), after initially being recognised at cost in the consolidated statement of financial position.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.5 Joint arrangements

Joint arrangements are classified as either joint ventures or joint operations depending on the contracted rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Investments in joint ventures are accounted for using the equity method (Note 2.6), after initially being recognised at cost in the consolidated statement of financial position.

2.6 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains or losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.16.

2.7 Changes in the Group's ownership interests in existing subsidiaries, associates and joint arrangements

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity shareholders of the Group. A change in ownership interests results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the shareholders of the Company.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.7 Changes in the Group's ownership interests in existing subsidiaries, associates and joint arrangements *(continued)*

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interests in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interests as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

If the ownership interests in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.8 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises:

- Fair values of the assets transferred;
- Liabilities incurred to the former shareholders of the acquired business;
- Equity interests issued by the Group;
- Fair value of any asset or liability resulting from a contingent consideration arrangement; and
- Fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.8 Business combinations *(continued)*

Acquisition-related costs are expensed as incurred.

The excess of:

- Consideration transferred;
- Amount of any non-controlling interests in the acquired entity; and
- Acquisition-date fair value of any previous equity interests in the acquired entity,

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquire is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in profit or loss.

2.9 Investments in subsidiaries in separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.10 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision-maker for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the chief operating decision-maker are determined following the Group's major business and service lines.

2.11 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"), which is mainly Hong Kong dollars ("HK$"), Renminbi ("RMB"), US dollars ("US$"), Australian dollars ("AUD") and European Monetary Unit ("EUR") respectively. The consolidated financial statements are presented in RMB.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

All foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within "Other losses – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss ("FVPL") are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVOCI") are recognised in other comprehensive income.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.11 Foreign currency translation *(continued)*

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position item are translated at the closing rate at the date of the statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income item are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(iv) Disposal of foreign operation and partial disposal

On disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the equity shareholders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences are reclassified to profit or loss.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.12 Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated on the straight-line method to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful lives, as follows:

Hotel properties	25 years
Freehold lands	Indefinite
Buildings	30-35 years
Plant and machinery	5-10 years
Furniture and fixtures	5 years
Motor vehicles and others	5-10 years

Freehold lands are stated at cost less any impairment losses and are not depreciated.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.16).

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on disposal or retirement recognised in profit or loss in the year the asset is derecognised as the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at historical cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.13 Investment properties

Investment properties are interests in lands and buildings held to earn rental income and/or for capital appreciation.

Investment properties are initially measured at cost, including related transaction costs and borrowing costs where applicable. After initial recognition, investment properties are carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated statement of profit or loss and other comprehensive income as fair value gains or losses in investment properties.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

2.14 Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are subsequently amortised over the useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of the reporting period.

(i) Patents and technologies

Purchased patents and technologies are stated at cost less any impairment losses and are amortised on the straight-line method over their estimated useful lives of 5 to 15 years.

(ii) Customer relationship

Customer relationship is stated at cost less any impairment losses and are amortised on the straight-line method over their estimated useful lives of 10 years.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.14 Intangible assets (other than goodwill) *(continued)*

(iii) Research and development costs

All research costs are charged to profit or loss as incurred.

Development costs incurred on projects to develop new products are capitalised and deferred only when the following criteria are met:

- It is technically feasible to complete the products so that it will be available for use;
- Management intends to complete the products and use or sell it;
- There is an ability to use or sell the products;
- It can be demonstrated how the products will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the products are available; and
- The expenditure attributable to the products during its development can be reliably measured.

Development costs that do not meet the above criteria are expensed when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised using the straight-line method over the useful lives of the underlying products of 5 to 10 years, commencing from the date when the products are put into commercial production.

(iv) Licenses

Licenses are stated at cost less any impairment losses and are amortised on the straight-line method over their estimated useful lives of 10 years.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.15 Goodwill

Goodwill is measured as described in Note 2.8. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. The Group performs its annual impairment test of goodwill as at 31 December.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGU"), or group of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU or group of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

The Group's policy for goodwill arising on the acquisition an associate is described in Note 2.4.

2.16 Impairment of non-financial assets

Goodwill, intangible assets and freehold lands that have an indefinite useful life are not subject to amortisation or depreciation, and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's value-in-use and fair value less costs of disposal. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of the reporting period.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.17 Properties under development and held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of leasehold lands, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.18 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.19 Leases

A lease is recognised as a right-of-use asset and a corresponding liability of the date of which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.19 Leases *(continued)*

Assets and liabilities arising from a lease are initially measured on present value. Lease liabilities include the present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- Makes adjustments specific to the lease, e.g., term, country, currency and security.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.19 Leases *(continued)*

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increase in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost and comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Rental income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as rental income. The respective based assets are included in the consolidated statement of financial position based on their nature.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.20 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at FVPL or FVOCI; and
- Those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets that are measured at fair value, gains and losses will be recorded either in profit or loss or in other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.20 Investments and other financial assets *(continued)*

(iii) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in "Other income" using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other losses – net", together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the consolidated statement of profit or loss and other comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses or respective reversals, interest income and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in "Other losses – net". Foreign exchange gains and losses are presented in "Other losses – net" in the consolidated statement of profit or loss and other comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented as a separate line item.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in profit or loss as "Other income" when the Group's right to receive dividend is established.

Changes in the fair value of financial assets at FVPL are recognised in "Net fair value changes in financial instruments" in profit or loss as applicable.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.20 Investments and other financial assets *(continued)*

(iv) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or

- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(v) Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments measured at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3(iv) details how the Group determines whether there has been a significant increase in credit risk.

Other financial assets measured at fair value, including units in bond funds, equity and debt securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to ECL assessment.

For financial instruments that have low risk of default at the end of the reporting period, except for receivables related to revenue, the Group assumes that there is no significant increase in credit risk since the initial recognition, on first stage, and measures the loss allowance at an amount equal to 12-month ECL. If there has been a significant increase in credit risk or credit impairment has occurred since the initial recognition of a financial instrument, on second stage, the Group recognises a loss allowance at an amount equal to lifetime ECL. If credit impairment has occurred since the initial recognition of a financial instrument, on third stage, the Group recognises a loss allowance at an amount equal to lifetime ECL.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.20 Investments and other financial assets *(continued)*

(v) Impairment of financial assets *(continued)*

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3(iv) for further details.

2.21 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.22 Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method, less allowance for impairment. See Note 3(iv) for a description of the Group's impairment policies.

2.23 Cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and other financial institutions, and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash is excluded from cash and cash equivalents.

Restricted cash represents guarantee deposits held in a separate reserve account that is pledged to the banks for issuance of trade facilities such as bills payables and bankers' guarantee and as security deposits under bank borrowing agreements or monies held on trust for the customers. Such restricted cash will be released when the Group repays the related trade facilities, bank loans or trust money.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.24 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.25 Trade, bills and other payables

Trade, bills and other payables represent liabilities for goods and services provided to the Group prior to the end of year which are unpaid. Trade, bills and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade, bills and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.26 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current, Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are expensed in the period in which they are incurred.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.27 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the current and deferred tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the jurisdictions where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Current income tax also includes the PRC land appreciation tax ("LAT") which is levied on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply at the time when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment properties that are measured at fair value is determined assuming the property will be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.27 Current and deferred income tax *(continued)*

(ii) Deferred income tax (continued)

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in the subsidiaries, associates and joint ventures where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

(iii) Offsetting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.28 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are included in other payables and accruals in the consolidated statement of financial position.

(b) Pension obligations

The PRC employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans. The non-PRC employees are covered by other defined-contribution pension plans sponsored by the government of their respective country of residence.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.28 Employee benefits *(continued)*

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: when the Group can no longer withdraw the offer of those benefits; and when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.29 Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure expected to be required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate, which represent the directors' best estimate of the expected cost and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

2.30 Financial guarantee contracts

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the holder (i.e. the guarantee) for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.30 Financial guarantee contracts *(continued)*

Financial guarantees issued are initially recognised within "trade and other payables" at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

Where guarantees in relation to loans or other payables of associates or joint arrangements are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.31 Derivative financial instruments

Derivative financial instruments are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

2.32 Written put option liability

Written put option is a financial instrument granted by the Group whereby counterparties may have the rights to request the Group to purchase their equity interests in the Group's subsidiaries for cash when certain conditions are met. If the Group does not have the unconditional right to avoid delivering cash under the put option, the Group has to recognise a financial liability at the present value of the estimated future cash outflows under the put option. The financial liability is initially recognised at fair value.

Subsequently, if the Group revises its estimates of the payments, the Group adjusts the carrying amount of the financial liability to reflect actual and revised estimated cash outflows. At the end of the reporting period, the Group recalculates the carrying amount by computing the present value of the revised estimated future cash outflows at the financial instrument's original effective interest rate and adjustment to its carrying amount is to be recognised as income or expenses in profit or loss.

In the event that the written put option expires unexercised, the financial liability is derecognised with a corresponding adjustment to equity.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.33 Revenue recognition

(a) Revenue from contracts with customers

The Group manufactures and sells goods, develops and sells properties, and renders other services to its customers. Revenue is recognised when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws and rules that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- Provides all of the benefits received and consumed simultaneously by the customer; or
- Creates and enhances an asset that the customer controls as the Group performs; or
- Do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Revenue excludes value added taxes and is after deduction of any trade discounts.

(i) Sales of gear products and trading of goods

Revenue is recognised when the customer takes possession of and accepts the products. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities.

No significant element of financing is deemed present as the sales are made with a credit term of 90 days upon delivery, which is consistent with market practice.

The Group provides standard warranty on its gear products and is obliged to repair or replace faulty products under the standard warranty terms, the standard warranty is recognised as a provision in Note 39.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.33 Revenue recognition *(continued)*

(a) Revenue from contracts with customers (continued)

(ii) Sales of tourist goods and healthcare products

Revenue is recognised when control of the tourist goods and healthcare products has been transferred, being at the point the customer purchases the tourist goods and healthcare products.

(iii) Sales of properties

The Group develops and sells residential properties in the PRC. Revenue is recognised at a point in time when the property is delivered to the customer. The properties have generally no alternative use for the Group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

(iv) Service income from construction consulting, hotel operations, investment and financial consulting and education

The Group provides services to its customers at fixed or variable amount. If the consideration is variable, revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The Group recognises revenue from services over the period of time where the customer simultaneously receives and consumes the benefits provided by the Group or the Group has an enforceable right to payments for performance completed to date and the performance do not create an asset with an alternative use. For revenue recognised over the period of time, the Group measures the progress towards complete satisfaction of performance obligation on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. Provision is made for foreseeable losses as soon as they are anticipated by the Group. Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the Group.

(v) Contract assets and contract liabilities

As agreed in the contracts, the customer pays fixed or variable amount based on a payment schedule. If the services or goods rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services or goods rendered, a contract liability is recognised. Any unconditional rights to consideration are presented separately as receivables.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.33 Revenue recognition *(continued)*

(b) Revenue from other sources

(i) Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. See Note 2.19 for further details.

(ii) Dividend income

Dividend income is received from financial assets at FVPL and FVOCI. Dividend is recognised as “Other income” in profit or loss when the right to receive dividend is established.

(iii) Interest income

Interest income on loan receivables and other financial assets at amortised cost calculated using the effective interest rate method is recognised as “Other income” in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that are subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the impairment losses).

2.34 Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to the equity shareholders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted loss per share

Diluted loss per share adjusts the figures used in the determination of basic loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.35 Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised as income of the period in which they become receivable.

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

2.36 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES *(continued)*

2.36 Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions applies: *(continued)*

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.37 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow of economic resources is probable, it will then be recognised as a provision.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign currency risk and equity price risk), credit risk and liquidity risk. According to the Group's risk management policies, the financial risks shall be assessed continuously by the management, taking into account of the prevailing conditions of the financial market and other relevant variables to avoid excessive concentrations of risk. The Group has not used any derivatives or other instruments for hedging purpose. The most significant financial risks to which the Group is exposed are described below.

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank and other borrowings (Note 38), loan receivables (Note 28(i)) and certain financial assets at amortised cost (Note 28(ii), (iii)), at FVPL (Note 26) and at FVOCI (Note 27). The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings (Note 38). Management monitors the interest rate exposures and will consider hedging significant interest rate exposures should the need arise. The Group is also exposed to cash flow interest rate risk relates to restricted cash and cash and cash equivalents carried at prevailing market rates. However, such exposure is minimal to the Group as these cash and cash equivalents are all short-term in nature.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the interest rate as stipulated by the People's Bank of China arising from the Group's RMB borrowings.

3 FINANCIAL RISK MANAGEMENT *(continued)*

(i) Interest rate risk *(continued)*

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate bank and other borrowings, which is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

For variable-rate bank and other borrowings, if the interest rates had been 50 basis points higher and all other variables were held constant, the Group's loss after tax for the year ended 31 December 2024 would have increased by approximately RMB25,633,000 (2023: RMB23,514,000), and vice versa. The analysis is performed on the same basis as 2023.

(ii) Foreign currency risk

The Group has transactional currency exposures and exposures on net investment in the Group's foreign operations. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies and the fluctuation in exchange rates between the foreign operations and RMB, which causes the carrying amount of the net investment to vary. Approximately 4% (2023: 4%) of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, whilst approximately 1% (2023: 1%) of costs were not denominated in the units' functional currencies. The Group currently did not enter into any hedge under the Group's foreign currency risks strategy as the Group considers the risk of movements in exchange rates between different foreign currencies and RMB to be insignificant.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities) and the Group's equity (due to the translation of a foreign operation using a functional currency other than the presentation currency of the Group). The analysis is performed on the same basis as 2023. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

3 FINANCIAL RISK MANAGEMENT *(continued)*

(ii) Foreign currency risk *(continued)*

	Increase/ (decrease) in RMB rate	(Increase)/ decrease in loss before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2024			
If HK$ weakens against RMB	**5%**	**(120,812)**	**3,644**
If HK$ strengthens against RMB	**(5%)**	**120,812**	**(3,644)**
If US$ weakens against RMB	**5%**	**(70,302)**	**10,114**
If US$ strengthens against RMB	**(5%)**	**70,302**	**(10,114)**
If EUR weakens against RMB	**5%**	**(12,822)**	**–**
If EUR strengthens against RMB	**(5%)**	**12,822**	**–**
If AUD weakens against RMB	**5%**	**6,460**	**10,917**
If AUD strengthens against RMB	**(5%)**	**(6,460)**	**(10,917)**

	Increase/ (decrease) in RMB rate	(Increase)/ decrease in loss before tax RMB'000	Increase/ (decrease) in equity* RMB'000
2023			
If HK$ weakens against RMB	5%	(122,268)	2,902
If HK$ strengthens against RMB	(5%)	122,268	(2,902)
If US$ weakens against RMB	5%	(49,245)	9,974
If US$ strengthens against RMB	(5%)	49,245	(9,974)
If EUR weakens against RMB	5%	(22,821)	–
If EUR strengthens against RMB	(5%)	22,821	–
If AUD weakens against RMB	5%	4,760	8,322
If AUD strengthens against RMB	(5%)	(4,760)	(8,322)

* Excluding retained earnings

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iii) Equity price risk

The Group's equity price risk is exposed through its investments in listed equity securities and certain derivative financial instruments. The Group's equity price risk is mainly concentrated on equity instruments quoted in the SEHK, the Shanghai Stock Exchange (the "SHSE"), the Singapore Exchange (the "SGX") and the NASDAQ Stock Market (the "NASDAQ"). The Group closely monitors the price risk and will consider hedging the risk exposure should the need arise.

In addition, the Group also invested in certain unquoted investments for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, based on the limited information available to the Group, together with an assessment of their relevance to the Group's long term strategic plans.

The sensitivity analysis below has been determined based on the exposure to equity price risk at the end of the reporting period. If the prices of the respective listed equity instruments had been 10% (2023: 10%) higher/lower, the loss after tax and other comprehensive loss after tax for the year ended 31 December 2024 would have decreased/increased by approximately RMB4,711,000 and RMB5,816,000 (2023: RMB2,337,000 and RMB4,674,000) respectively, as a result of the changes in fair value of the equity instruments. The Group has diversified its investment portfolio in order to minimise the concentration of such equity price risk.

If the fair value of the respective unlisted equity instruments had been 10% (2023: 10%) higher/lower, the loss after tax and other comprehensive loss after tax for the year ended 31 December 2024 would have decreased/increased by approximately RMB66,002,000 and RMB104,180,000 (2023:RMB73,629,000 and RMB121,864,000) respectively, as a result of the changes in fair value of the unlisted equity instruments.

(iv) Credit risk

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

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

The credit risk on the Group's cash and cash equivalents and restricted cash is limited because the counterparties are banks and other financial institutions with high credit ratings and a regulated company. Other than concentration of the credit risk on liquid funds which are deposited with several banks and other financial institutions with high credit ratings, the Group also has concentration of credit risks with exposure limited to certain counterparties and customers. As at 31 December 2024, trade and bills receivables from top five customers accounted for approximately 30% (2023: 34%) of the Group's trade and bills receivables. Apart from delegating a team for determining the credit limits, credit approval and other monitoring procedures on customers, the Group had also explored new markets and new customers in order to minimise the concentration of credit risk. Other than above, there is no other concentration of credit risk on the Group's trade and bills receivables. The Group does not obtain collateral from customers or counterparties in respect of trade and bills receivables.

For loan receivables, other receivables, consideration receivables and other financial assets at amortised cost, management makes periodic and collective assessment as well as individual assessment on their respective recoverability based on historical settlement records, past experience, and also quantitative and qualitative forward-looking information that is reasonable and supportive. Collateral for certain of the trade receivables, loan receivables and other receivables included both listed and non-listed securities of small to medium-sized companies. Those securities are less liquid and more volatile in respect of their value, which have been taken into consideration in arriving at the measurement of ECL.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB2,116,202,000 (2023: RMB1,197,091,000) as at 31 December 2024. The credit risk on certain financial guarantee contract is considered to be either default or virtually certain to default given the financial position of those counterparties. Accordingly, the loss allowances are measured at lifetime ECL and take into consideration of delinquency ratio and collateral values. Balances of liabilities arising from the financial guarantee contracts are set out in Note 50(i).

The Group has the following types of financial assets that are subject to ECL model:

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

3 **FINANCIAL RISK MANAGEMENT** *(continued)*

(iv) **Credit risk** *(continued)*

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 default occurring on the asset as at the end of the reporting period with the risk of default as at the date of initial recognition. It considers available, reasonable and supportive forward-looking information, which include:

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

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

3 **FINANCIAL RISK MANAGEMENT** *(continued)*

(iv) **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 12 to 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, producer price index and industry value-added 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 31 December 2024 and 2023 was determined as follows:

2024	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 4 years RMB'000	Over 4 years RMB'000	Total RMB'000
ECL rate	3%	16%	34%	66%	100%	7%
Gross carrying amount – Trade receivables assessed under provision matrix (excluding trade receivables of which 100% loss allowances specifically provided)	5,887,562	376,563	159,456	71,181	132,346	6,627,108
Loss allowances under provision matrix	(152,811)	(59,878)	(54,476)	(46,752)	(132,346)	(446,263)
100% loss allowances specifically provided						
– Businesses other than Relevant Trading Business *(Note)*	–	(12,643)	(1,885)	(1,765)	(182,158)	(198,451)
– Relevant Trading Business	(3,072,759)	(116,222)	–	–	–	(3,188,981)
Loss allowances	(3,225,570)	(188,743)	(56,361)	(48,517)	(314,504)	(3,833,695)
Net carrying amount	5,734,751	316,685	104,980	24,429	–	6,180,845

Note:

During the year ended 31 December 2024, the balances of trade receivables and prepayments relating to trading business included in new energy segment which carried out with 13 customers and 3 suppliers ("Relevant Trading Business") were fully impaired. Details of the findings and actions are sent out in Note 49.

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

(a) Trade receivables (continued)

2023	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Between 3 and 4 years RMB'000	Over 4 years RMB'000	Total RMB'000
ECL rate	1%	23%	46%	68%	100%	5%
Gross carrying amount – Trade receivables assessed under provision matrix (excluding trade receivables of which 100% loss allowances specifically provided)	8,210,004	350,089	178,298	105,233	145,730	8,989,354
Loss allowances under provision matrix	(86,363)	(79,280)	(81,968)	(71,311)	(145,730)	(464,652)
100% loss allowances specifically provided	(13,293)	(891)	(891)	(20,300)	(192,433)	(227,808)
Loss allowances	(99,656)	(80,171)	(82,859)	(91,611)	(338,163)	(692,460)
Net carrying amount	8,123,641	270,809	96,330	33,922	–	8,524,702

The movements of ECL provision for trade receivables during the years ended 31 December 2024 and 2023 are as follows:

	2024 RMB'000	2023 RMB'000
ECL provision as at 1 January	**692,460**	714,586
Provision for loss allowances recognised/(reversed) in profit or loss		
– Businesses other than Relevant Trading Business	**8,022**	(10,799)
– Relevant Trading Business	**3,178,115**	–
Uncollectible receivables written off during the year	**(3,879)**	(10,952)
Disposal of subsidiaries	**(41,121)**	(412)
Exchange differences	**98**	37
ECL provision as at 31 December	**3,833,695**	692,460

The provision for loss allowances were recognised in profit or loss in net provision for impairment losses on financial assets recognised on financial assets within operating loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

(a) Trade receivables (continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under simplified approach.

Trade receivables	Lifetime ECL (non-credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As at 1 January 2023	493,529	221,057	714,586
Changes due to financial instruments recognised as at 1 January 2023:			
– Impairment losses reversed	(104,144)	(6,311)	(110,455)
– Disposal of a subsidiary	(412)	–	(412)
– Written off as uncollectible	(10,684)	(268)	(10,952)
New financial assets originated or purchased:			
– Transferred to credit-impaired	(13,293)	13,293	–
– Impairment losses recognised	99,656	–	99,656
Exchange differences	–	37	37
As at 31 December 2023	464,652	227,808	692,460
Changes due to financial instruments recognised as at 1 January 2024:			
– Transferred to credit-impaired			
– Businesses other than Relevant Trading Business	(1,805)	1,805	–
– Relevant Trading Business	(10,866)	10,866	–
– Impairment losses (reversed)/recognised			
– Businesses other than Relevant Trading Business	(2,346)	9,549	7,203
– Relevant Trading Business	–	3,132,368	3,132,368
– Disposal of a subsidiary	(2,371)	(38,750)	(41,121)
– Written off as uncollectible	(1,820)	(2,059)	(3,879)
New financial assets originated or purchased:			
– Impairment losses recognised			
– Businesses other than Relevant Trading Business	819	–	819
– Relevant Trading Business	–	45,747	45,747
Exchange differences	–	98	98
As at 31 December 2024	446,263	3,387,432	3,833,695

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

(a) Trade receivables *(continued)*

The Group does not hold any collateral or other credit enhancement over these trade receivables. The Group is still liaising with these trade debtors about the settlement arrangement, and will consider take further proper action against those debtors if necessary.

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

Financial assets at amortised cost (excluding trade receivables) include loan receivables, other receivables, consideration receivables and other financial assets at amortised cost.

The Group uses three categories for financial assets at amortised cost (excluding trade receivables) which reflect their credit risk and how the ECL provision is determined for each of those categories. The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers both historical loss rates and forward-looking macroeconomic data. A summary of the assumptions underpinning the Group's ECL model is as follows:

Category	Group definition of category	Basis for recognition of ECL provision	ECL rate
Stage one	Debtors have a low risk of default and a strong capacity to meet contractual cash flows, or debtors frequently repay after due dates but usually settle in full	12-month ECL. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime	0% – 20%
Stage two	There have been significant increase in credit risk since initial recognition through information developed internally or externally sources, or when contractual payments are more than 30 days past due	Lifetime ECL	20% – 50%
Stage three	There is evidence indicating the receivable is credit impaired, or when contractual payments are more than 90 days past due	Lifetime ECL	50% – 100%

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

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

As at 31 December 2024 and 2023, the Group provided the following ECL provision against financial assets at amortised cost (excluding trade receivables):

	ECL rate	Gross carrying amount RMB'000	ECL provision RMB'000	Carrying amount (net of provision for loss allowances) RMB'000
2024				
Loan receivables *(Note)*	**88%**	**835,563**	**(738,630)**	**96,933**
Consideration receivables	**10%**	**678,647**	**(66,855)**	**611,792**
Other receivables	**44%**	**2,405,544**	**(1,069,494)**	**1,336,050**
		3,919,754	**(1,874,979)**	**2,044,775**
2023				
Loan receivables *(Note)*	48%	1,265,464	(609,837)	655,627
Consideration receivables	20%	354,326	(69,407)	284,919
Other receivables	35%	2,881,607	(1,002,395)	1,879,212
		4,501,397	(1,681,639)	2,819,758

Note:

As at 31 December 2024 and 2023, the ECL rate for loan receivables was relatively high due to significant increase in credit risks of certain borrowers since initial recognition. The financial condition of certain borrowers have been significantly deteriorated with certain of their loans default in repayments and remain unsettled as at the end of the reporting period.

The Group is actively liaising with the borrowers including issuing payment demand letter, fixing the repayment plans, requesting additional securities on these borrowings, and closely monitor the financial performance and position of the borrowers in order to protect the interests of the Group and minimise the credit risk exposures.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

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

The following table shows reconciliation of loss allowances that has been recognised for loan receivables:

	12-month ECL RMB'000	Lifetime ECL (non-credit–impaired) RMB'000	Lifetime ECL (credit–impaired) RMB'000	Total RMB'000
Loan receivables				
As at 1 January 2023	5,100	38,574	468,370	512,044
Changes due to financial instruments recognised as at 1 January 2023:				
– Transferred to non-credit-impaired	(3,492)	3,492	–	–
– Transferred to credit-impaired	(717)	(38,329)	39,046	–
– Impairment losses (reversed)/ recognised	(891)	8,612	117,087	124,808
– Written off as uncollectible	–	–	(49,069)	(49,069)
New financial assets originated or purchased:				
– Transferred to credit-impaired	(19,729)	–	19,729	–
– Impairment losses recognised	22,054	–	–	22,054
As at 31 December 2023	2,325	12,349	595,163	609,837
Changes due to financial instruments recognised as at 1 January 2024:				
– Transferred to credit-impaired	(2,325)	(12,349)	14,674	–
– Impairment losses recognised	–	–	435,186	435,186
– Disposal of a subsidiary	–	–	(306,393)	(306,393)
As at 31 December 2024	–	–	738,630	738,630

3 **FINANCIAL RISK MANAGEMENT** *(continued)*

(iv) **Credit risk** *(continued)*

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

The following table shows reconciliation of loss allowances that has been recognised for consideration receivables:

	12-month ECL RMB'000	Lifetime ECL (non-credit–impaired) RMB'000	Lifetime ECL (credit–impaired) RMB'000	Total RMB'000
Consideration receivables				
As at 1 January 2023	11	–	–	11
Changes due to financial instruments recognised as at 1 January 2023:				
– Transferred to non-credit-impaired	(11)	11	–	–
– Impairment losses recognised	–	69,396	–	69,396
As at 31 December 2023	–	69,407	–	69,407
Changes due to financial instruments recognised as at 1 January 2024:				
– Impairment losses reversed	–	(14,636)	–	(14,636)
New financial assets originated or purchased:				
– Impairment losses recognised	12,084	–	–	12,084
As at 31 December 2024	12,084	54,771	–	66,855

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

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

The following table shows reconciliation of loss allowances that has been recognised for other receivables:

	12-month ECL RMB'000	Lifetime ECL (non-credit–impaired) RMB'000	Lifetime ECL (credit–impaired) RMB'000	Total RMB'000
Other receivables				
As at 1 January 2023	14,888	95,023	424,671	534,582
Changes due to financial instruments recognised as at 1 January 2023:				
– Transferred to non-credit-impaired	(996)	996	–	–
– Transferred to credit-impaired	(10,154)	(93,999)	104,153	–
– Impairment losses (reversed)/ recognised	(3,072)	75	408,803	405,806
– Written off as uncollectible	–	–	(11,935)	(11,935)
New financial assets originated or purchased:				
– Transferred to non-credit-impaired	(10,042)	10,042	–	–
– Transferred to credit-impaired	(63,056)	–	63,056	–
– Impairment losses recognised	73,942	–	–	73,942
As at 31 December 2023	1,510	12,137	988,748	1,002,395
Changes due to financial instruments recognised as at 1 January 2024:				
– Transferred to credit-impaired	(227)	(2,593)	2,820	–
– Impairment losses (reversed)/ recognised	(416)	10,887	118,679	129,150
– Written off as uncollectible	–	–	(217)	(217)
New financial assets originated or purchased:				
– Impairment losses recognised	34	–	–	34
– Disposal of a subsidiary	(432)	(4,243)	(59,514)	(64,189)
Exchange differences	–	–	2,321	2,321
As at 31 December 2024	469	16,188	1,052,837	1,069,494

3 **FINANCIAL RISK MANAGEMENT** *(continued)*

(iv) **Credit risk** *(continued)*

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

The following table shows reconciliation of loss allowances that has been recognised for other financial assets at amortised cost:

	12-month ECL	Lifetime ECL (non-credit–impaired)	Lifetime ECL (credit–impaired)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Other financial assets at amortised cost				
As at 1 January 2023	237	–	–	237
Changes due to financial instruments recognised as at 1 January 2023:				
– Impairment losses reversed	(237)	–	–	(237)
As at 31 December 2023	–	–	–	–

(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 credit losses from non-performance by these counterparties.

(d) ***Financial assets at 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 31 December 2024, the Group is 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 RMB101,454,000 (2023: RMB43,262,000).

3 FINANCIAL RISK MANAGEMENT *(continued)*

(iv) Credit risk *(continued)*

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

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

(v) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents considered adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors utilisation of bank and other borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms and its derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest is floating rate, the undiscounted amount is derived from the interest rate curve at the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT *(continued)*

(v) Liquidity risk *(continued)*

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2024				
	Less than 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cashflows RMB'000	Carrying amount RMB'000
Bank and other borrowings	**6,622,902**	**5,218,202**	**653,604**	**12,494,708**	**11,761,835**
Trade and bills payables	**9,407,155**	**–**	**–**	**9,407,155**	**9,407,155**
Other payables and accruals	**2,190,129**	**–**	**–**	**2,190,129**	**2,190,129**
Lease liabilities	**55,628**	**120,684**	**26,922**	**203,234**	**183,569**
Financial guarantee contracts	**2,116,202**	**–**	**–**	**2,116,202**	**1,928**
Derivative financial instruments	**36,823**	**–**	**–**	**36,823**	**34,254**
	20,428,839	**5,338,886**	**680,526**	**26,448,251**	**23,578,870**

	2023				
	Less than 1 year or on demand RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cashflows RMB'000	Carrying amount RMB'000
Bank and other borrowings	9,824,032	3,959,157	1,707,459	15,490,648	14,480,214
Trade and bills payables	7,625,165	–	–	7,625,165	7,625,165
Other payables and accruals	1,970,037	–	–	1,970,037	1,970,037
Lease liabilities	7,820	4,091	6,021	17,932	15,980
Financial guarantee contracts	1,172,344	24,747	–	1,197,091	2,672
Derivative financial instruments	35,720	–	–	35,720	33,228
Written put option liability	4,772,175	–	–	4,772,175	4,772,175
	25,407,293	3,987,995	1,713,480	31,108,768	28,899,471

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The amount included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the Group considers that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amount included above for written put option liability as at 31 December 2023 was the maximum amount the Group could be required to settle under the Equity Transfer Agreement as detailed in Note 41.

3 FINANCIAL RISK MANAGEMENT *(continued)*

(vi) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2024.

The Group monitors capital using a gearing ratio, which is calculated as a ratio of the sum of bank and other borrowings to total assets. The gearing ratio as at the end of the reporting periods was as follows:

	2024 **RMB'000**	2023 RMB'000
Bank and other borrowings *(Note 38)*	**11,761,835**	14,480,214
Non-current assets	**20,299,151**	23,246,129
Current assets	**24,748,906**	31,263,965
Total assets	**45,048,057**	54,510,094
Gearing ratio	**26%**	27%

4 FAIR VALUE ESTIMATION

(i) Financial assets and liabilities

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Management has assessed that the fair values of current portion of financial assets and financial liabilities recorded at amortised cost approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the non-current portion of financial assets and financial liabilities recorded at amortised cost have been calculated by discounting the expected future cash flow using rates currently available for instruments with similar terms, credit risk and remaining maturities and are not materially different to their carrying amounts. The Group's own non-performance risk for bank and other borrowings as at the end of the reporting period was assessed to be insignificant.

(a) Fair value hierarchy

The Group categorised its financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy as below:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to measure fair value of an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur. There were no transfers between Level 1, Level 2 and Level 3 fair value hierarchy during the years ended 31 December 2023 and 2024.

4 FAIR VALUE ESTIMATION *(continued)*

(i) Financial assets and liabilities *(continued)*

(a) Fair value hierarchy (continued)

The following tables present the financial assets and financial liabilities that are measured at fair value at 31 December 2024 and 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2024				
Financial assets at FVOCI:				
– Listed equity investments	68,403	–	–	68,403
– Unlisted equity investments	–	–	1,387,606	1,387,606
– Bills receivables	–	–	3,348,203	3,348,203
Financial assets at FVPL:				
– Listed equity investments	47,111	–	–	47,111
– Unlisted equity investments	–	–	767,517	767,517
– Trade receivables measured at FVPL	–	–	101,454	101,454
– Derivative financial instruments	–	–	18,506	18,506
Financial liability at FVPL:				
– Derivative financial instruments	–	–	(34,254)	(34,254)
	115,514	–	5,589,032	5,704,546
As at 31 December 2023				
Financial assets at FVOCI:				
– Listed equity investments	56,480	–	–	56,480
– Unlisted equity investments	–	–	1,623,329	1,623,329
– Bills receivables	–	–	1,804,904	1,804,904
Financial assets at FVPL:				
– Listed equity investments	27,989	–	–	27,989
– Unlisted equity investments	–	–	841,586	841,586
– Trade receivables measured at FVPL	–	–	43,262	43,262
– Derivative financial instruments	–	–	27,995	27,995
Financial liability at FVPL:				
– Derivative financial instruments	–	–	(33,228)	(33,228)
	84,469	–	4,307,848	4,392,317

4 **FAIR VALUE ESTIMATION** *(continued)*

(i) **Financial assets and liabilities** *(continued)*

(b) Valuation techniques used to determine fair values

The fair values of listed equity investments measured as financial assets at FVPL and FVOCI were derived from quoted market prices in active markets. These investments are included in Level 1 of the fair value hierarchy.

The management obtains valuation quotations from counterparties or uses valuation techniques to determine the fair values of financial instruments except as detailed above, including the discounted cash flow analysis, net asset value and market comparison approach, etc. The fair values of these financial instruments may be based on unobservable inputs which may have significant impact on the valuation of these financial instruments, and therefore have been classified by the Group as Level 3 of the fair value hierarchy. The unobservable inputs which may have impact on the valuation include discount for lack of marketability, price-to-book multiples, share price changes multiples, discount rates and expected recovery date, etc.

(c) Valuation processes of the Group

The Group engages external, independent and qualified valuers to determine the fair values of the Group's certain financial instruments categorised as Level 2 and Level 3 of the fair value hierarchy. The Group's finance department works closely with the independent valuers. Discussions of valuation processes and results were held between the finance department and the valuers at least once every six months.

4 **FAIR VALUE ESTIMATION** *(continued)*

(i) **Financial assets and liabilities** *(continued)*

(d) Fair value measurements using significant unobservable inputs (Level 3)

The following tables presents the changes in Level 3 fair value hierarchy items for the years ended 31 December 2023 and 2024:

	Financial assets at FVPL				Financial assets at FVOCI		
	Unlisted equity investments RMB'000 *(Note 26)*	Trade receivables RMB'000 *(Note 26)*	Structured bank deposits RMB'000 *(Note 26)*	Derivative financial instruments RMB'000 *(Note 26)*	Unlisted equity investments RMB'000 *(Note 27)*	Bills receivables RMB'000 *(Note 27)*	Total RMB'000
At 1 January 2023	843,317	121,304	51,374	35,076	1,998,758	3,531,660	6,581,489
Acquisitions	–	443,309	160,000	–	50,000	14,982,134	15,635,443
Disposals	–	(520,065)	(213,556)	–	–	(16,717,903)	(17,451,524)
Fair value (losses)/gains recognised in profit or loss	(13,474)	(1,286)	2,182	(8,594)	–	–	(21,172)
Fair value (losses)/gains recognised in other comprehensive income	–	–	–	–	(425,429)	9,013	(416,416)
Exchange differences	11,743	–	–	1,513	–	–	13,256
At 31 December 2023 and 1 January 2024	**841,586**	**43,262**	**–**	**27,995**	**1,623,329**	**1,804,904**	**4,341,076**
Acquisitions	**–**	**230,846**	**20,000**	**–**	**–**	**21,322,176**	**21,573,022**
Disposals	**–**	**(171,495)**	**(20,092)**	**–**	**(2,000)**	**(19,770,555)**	**(19,964,142)**
Distribution in specie *(Note 26(iii))*	**(50,643)**	**–**	**–**	**–**	**–**	**–**	**(50,643)**
Disposal of a subsidiary *(Note 47)*	**–**	**–**	**–**	**–**	**(215,800)**	**–**	**(215,800)**
Fair value (losses)/gains recognised in profit or loss	**(35,650)**	**(1,159)**	**92**	**(9,443)**	**–**	**–**	**(46,160)**
Fair value losses recognised in other comprehensive income	**–**	**–**	**–**	**–**	**(17,923)**	**(8,322)**	**(26,245)**
Exchange differences	**12,224**	**–**	**–**	**(46)**	**–**	**–**	**12,178**
At 31 December 2024	**767,517**	**101,454**	**–**	**18,506**	**1,387,606**	**3,348,203**	**5,623,286**

	Derivative financial instruments RMB'000 *(Note 29)*
Financial liability at FVPL	
At 1 January 2023	(32,376)
Fair value losses recognised in profit or loss	(852)
At 31 December 2023 and 1 January 2024	(33,228)
Fair value losses recognised in profit or loss	(1,026)
At 31 December 2024	(34,254)

4 FAIR VALUE ESTIMATION *(continued)*

(i) Financial assets and liabilities *(continued)*

(e) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements.

Financial instruments	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of significant unobservable inputs to fair value
Financial assets at FVPL – Unlisted equity investments – Trade receivables – Structured bank deposits – Derivative financial instruments	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow; expected recovery date; discount rates that correspond to the expected risk level, ranging from 3.1% to 18.0% (2023: 3.1% to 18.0%)	The higher the future cash flow, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value, and vice versa
Financial assets at FVOCI – Unlisted equity investments – Bills receivables	Level 3	(i) Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow; expected recovery date; discount rates that correspond to the expected risk level at 1.1% (2023: 1.1%)	The higher the future cash flow, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value, and vice versa
		(ii) Net asset value approach	N/A	N/A
		(iii) Market comparison approach	Price-to-book multiples at 1.22 (2023: 0.98 to 1.02); share price changes multiples at 2% (2023: –16%); discount for lack of marketability at 15.7% (2023: 20.5%)	The higher the price-to-book multiples, the higher the fair value; the higher the positive share price changes multiple, the higher fair value; the lower the discount rate, the higher the fair value, and vice versa
Financial liability at FVPL – Derivative financial instruments	Level 3	Discounted cash flow with future cash flows that are estimated based on expected recoverable amounts, discounted at rates that reflect management's best estimation of the expected risk level	Expected future cash flow; expected recovery or payment date; discount rates that correspond to the expected risk level at 7.5% (2023: 7.5%)	The higher the future cash flow, the higher the fair value; the earlier the recovery date, the higher the fair value; the lower the discount rate, the higher the fair value, and vice versa

4 FAIR VALUE ESTIMATION *(continued)*

(ii) Sensitivity analysis

The sensitivity analysis below has been determined based on the change of rate of return in isolation used in the expected future cash flows that reflect the expected risk level of the financial assets at the end of the reporting period. If the respective rate of return had been 10% higher/lower, the total comprehensive loss (net of tax) for the year ended 31 December 2024 would have decreased/increased by approximately RMB7,186,000 (2023: RMB31,389,000) as a result of the changes in fair value of the financial assets. The analysis was performed on the same basis as 2023.

(iii) Non-financial assets and liabilities

Refer to Note 19 for disclosures of investments properties that are measured at fair value.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(i) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Deferred taxation and LAT on investment properties

For the purposes of measuring deferred tax liabilities and LAT arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that two (2023: three) of the Group's investment properties, shopping malls acquired or constructed in previous years, are held under a business model whose objective is to consume substantially all of the economic benefits embodied in that investment property over time rather than through sale. Therefore, in measuring the Group's deferred tax liabilities on such investment properties, the directors of the Company have determined that the presumption that the carrying amounts of such investment properties are recovered entirely through sale is rebutted. As at 31 December 2024, the carrying amount of such properties was RMB2,773,582,000 (2023: RMB4,361,668,000). For the remaining investment properties on which the presumption is not rebutted, the Group had further recognised deferred taxes on changes in fair value of investment properties in relation to the LAT, which is the additional tax to be charged if a property in the PRC is recovered through sale. As at 31 December 2024, the carrying amount of these properties was RMB22,006,000 (2023: RMB569,720,000).

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(i) Judgements *(continued)*

(b) Principal or agent consideration for revenue

The Group distributes a wide range of trading of goods. Revenue is recognised when or as the control of the goods is transferred to the customer. The Group determines the presentation of its revenue by assessing whether it acts as the principal of the goods that are sold. The Group presents its revenue on a net basis when the Group acts as an agent with no control over the underlying goods and does not assume inventory risk. The Group presents its revenue on a gross basis when the Group assumes inventory risk and acts as a principal from the goods suppliers for the trade. The purchase payments to the goods suppliers are recorded as "Cost of sales and services provided" in profit or loss. The Group presents majority of its revenue on gross basis as the Group is primarily responsible for providing the underlying goods and the Group controls the goods provided by suppliers prior to its transfer to customers.

(c) Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern even though the Group failed to fulfil certain financial obligations as set out in Note 2.1 to the consolidated financial statements.

(ii) Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, are described below.

(a) Impairment of goodwill

The Group performs goodwill impairment assessment both annually and whenever there is an indication that a CGU to which goodwill has been allocated may be impaired. This requires an estimation of the value-in-use or fair value less costs of disposal of the CGUs to which the goodwill is allocated as applicable. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGUs and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The cost of goodwill at 31 December 2024 was RMB1,623,368,000 (2023: RMB1,623,368,000) with accumulated impairment of RMB119,551,000 (2023: RMB119,551,000). Further details are disclosed in Note 21 to the consolidated financial statements.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(ii) Estimation uncertainty *(continued)*

(b) Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group uses its judgement to select a variety of methods like market comparison approach and/or a combination of discount cash flow projections and make assumptions about the expected cash flows, discount rates etc. and take into account the current market rents for similar properties in the same location and condition. The carrying amounts of investment properties at 31 December 2024 was RMB2,795,588,000 (2023: RMB4,931,388,000). Further details, including the key assumptions used for fair value measurement, are disclosed in Note 19 to the consolidated financial statements.

(c) Impairment of financial assets

The ECL for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of the reporting period. Details of the key assumptions and inputs used are disclosed in Note 3(iv) to the consolidated financial statements.

(d) Net realisable value of inventories, properties under development and held for sale

Net realisable value of inventories, properties under development and held for sale is the estimated selling price in the ordinary course of business less estimated costs to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in market conditions. Management reassesses these estimates at the end of the reporting period.

(e) Fair value measurement of financial instruments

As at 31 December 2024, certain of the Group's financial assets and financial liabilities, including unlisted equity investments and derivative financial instruments, amounting to RMB2,173,629,000 (2023: RMB2,492,910,000) and RMB34,254,000 (2023: RMB33,228,000), respectively, are measured at fair values which are determined based on significant unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs, including expected future cash flows, expected recovery date and discount rates, etc., which are mainly based on market practice and industry knowledge existing at the end of the reporting period. Changes in assumptions relating to these factors could result in material adjustments to the fair values of these instruments. Details of the key assumptions used and the impact of changes to these assumptions are disclosed in Note 4 to the consolidated financial statements.

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(ii) Estimation uncertainty *(continued)*

(f) Current and deferred income tax

The Group is subject to income tax in a number of jurisdictions. Significant judgement is required in determining the provision for income taxes in various jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be levied. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(g) Useful lives and residual values of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. Management reviews the estimated useful lives and residual value of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives and residual value are based on the Group's historical experience with similar assets, taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(h) Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment of all non-financial assets, including property, plant and equipment, at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use.

Certain property, plant and equipment are subject to impairment and impairment losses of RMB228,184,000 (2023: RMB4,931,000) in respect of property, plant and equipment that have been provided during the year ended 31 December 2024. Details of the impairment of property, plant and equipment are disclosed in Note 18.

(i) Estimation of provision for warranty claims

The Group generally offers 60-66 months warranties for its mechanical transmission equipment. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that historical cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as parts and labour costs. As at 31 December 2024, this particular provision had a carrying amount of RMB2,168,813,000 (2023: RMB2,268,949,000).

5 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(ii) Estimation uncertainty *(continued)*

(j) Withholding tax arising from the distribution of dividends

The Group's determination as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of the dividends. At as 31 December 2024, the carrying value of deferred tax liabilities relating to the withholding tax was approximately RMB93,477,000 (2023: RMB93,477,000).

6 OPERATING SEGMENT INFORMATION

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

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

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

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

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

Segment liabilities exclude income tax and other tax payable, bank and other borrowings, deferred tax liabilities, written put option liability, consideration and deposit received for disposal of subsidiaries, certain lease liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

6 OPERATING SEGMENT INFORMATION *(continued)*

	For the year ended 31 December 2024					
	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare, education and others RMB'000	New energy RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	242,025	339,795	3,168	487,458	22,075,470	23,147,916
Net fair value changes in financial instruments	–	–	(60,840)	–	(1,160)	(62,000)
Segment results	(504,561)	(239,499)	(532,640)	(15,157)	(5,098,847)	(6,390,704)
Reconciliation:						
Unallocated bank interest income *(Note 9)*						116,280
Unallocated interest on deferred consideration *(Note 9)*						9,130
Loss on disposal of a subsidiary *(Note 10)*						(9,976)
Unallocated income and losses, net						192,233
Corporate and other unallocated expenses						(57,691)
Finance costs *(Note 12)*						(997,693)
Loss before tax						(7,138,421)
Segment assets as at 31 December 2024	3,058,845	490,641	2,264,246	319,663	31,050,442	37,183,837
Reconciliation:						
Corporate and other unallocated assets						7,864,220
Total assets as at 31 December 2024						45,048,057
Segment liabilities as at 31 December 2024	620,253	177,875	274,758	7,655	15,715,769	16,796,310
Reconciliation:						
Corporate and other unallocated liabilities						13,648,172
Total liabilities as at 31 December 2024						30,444,482

6 OPERATING SEGMENT INFORMATION *(continued)*

	For the year ended 31 December 2024						
	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare, education and others RMB'000	New energy RMB'000	Unallocated RMB'000	Total RMB'000
Other segment information:							
Share of (loss)/profit of joint ventures *(Note 23)*	(40,179)	–	7,786	–	–	–	(32,393)
Share of loss and impairment loss of associates *(Note 24)*	(25,465)	(95)	–	(7,877)	(1,361)	–	(34,798)
(Provision for)/reversal of impairment losses on property, plant and equipment *(Note 10)*	–	(234,294)	–	–	6,110	–	(228,184)
Impairment losses on trade receivables and prepayments in relation to trading business included in new energy segment	–	–	–	–	(6,628,646)	–	(6,628,646)
Depreciation and amortisation *(Note 11)*	(9,196)	(66,963)	(679)	(3,453)	(861,787)	(5,787)	(947,865)
Investments in joint ventures *(Note 23)*	–	–	143,998	–	–	–	143,998
Investments in associates *(Note 24)*	152,107	–	–	99,695	209,936	–	461,738
Capital expenditure*	98,796	104,622	–	56	2,130,146	3,993	2,337,613

6 OPERATING SEGMENT INFORMATION *(continued)*

	For the year ended 31 December 2023					
	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare, education and others RMB'000	New energy RMB'000	Total RMB'000
Segment revenue:						
Sales to external customers	254,155	360,389	2,680	151,444	24,077,148	24,845,816
Net fair value changes in financial instruments	–	–	(68,408)	–	1,286	(67,122)
Segment results	(357,347)	(7,165)	(217,498)	6,169	1,196,860	621,019
Reconciliation:						
Unallocated bank interest income *(Note 9)*						123,890
Unallocated interest on deferred consideration *(Note 9)*						9,020
Gain on disposal of a subsidiary *(Note 10)*						2,449
Unallocated income and losses, net						(5,544)
Corporate and other unallocated expenses						(60,553)
Finance costs *(Note 12)*						(1,135,141)
Loss before tax						(444,860)
Segment assets as at 31 December 2023	6,339,169	1,433,985	2,665,623	550,487	32,529,027	43,518,291
Reconciliation:						
Corporate and other unallocated assets						10,991,803
Total assets as at 31 December 2023						54,510,094
Segment liabilities as at 31 December 2023	1,624,223	122,157	210,764	3,765	13,256,861	15,217,770
Reconciliation:						
Corporate and other unallocated liabilities						21,854,314
Total liabilities as at 31 December 2023						37,072,084

6 OPERATING SEGMENT INFORMATION *(continued)*

	For the year ended 31 December 2023						
	Properties RMB'000	Tourism RMB'000	Investment and financial services RMB'000	Healthcare, education and others RMB'000	New energy RMB'000	Unallocated RMB'000	Total RMB'000
Other segment information:							
Share of profit of joint ventures *(Note 23)*	2,292	–	7,675	–	–	–	9,967
Share of loss of associates *(Note 24)*	(47)	(248)	–	(3,782)	(2,640)	–	(6,717)
Impairment losses on property, plant and equipment *(Note 10)*	–	–	–	–	(4,931)	–	(4,931)
Depreciation and amortisation *(Note 11)*	(1,620)	(77,608)	(1,055)	(306)	(640,802)	(9,024)	(730,415)
Investments in joint ventures *(Note 23)*	171,885	–	132,017	–	–	–	303,902
Investments in associates *(Note 24)*	132	19,658	–	123,502	196,297	–	339,589
Capital expenditure*	1,596	29,053	18	26	2,524,844	226	2,555,763

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

(i) Revenue from external customers by locations of customers

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

(ii) Non-current assets by locations of assets

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

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

6 OPERATING SEGMENT INFORMATION *(continued)*

(iii) Information about major customers

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

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

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

7 REVENUE

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

An analysis of revenue is as follows:

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

7 **REVENUE** *(continued)*

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

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

(iii) Liabilities related to contracts with customers

It represents deposits received in advance for made-to-order manufacturing arrangement on acceptance of manufacturing orders and the EPC project (Note 32(a)), sales proceeds received form customers in connection with the Group's pre-sales of properties and deposits received for other businesses when the contracts signed. The sum of deposits received are based on negotiation on a case-by-case basis with customers.

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

	2024 RMB'000	2023 RMB'000
Contract liabilities related to:		
– Manufacturing and sales of gear products	**1,613,686**	1,729,685
– Others	**30,023**	50,027
	1,643,709	1,779,712

The carrying amount of contract liabilities of approximately RMB673,946,000 (2023: RMB578,289,000) as at 31 December 2024 is expected not to be realised within the next twelve months from the end of the reporting period.

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

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

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in the contract liabilities at the beginning of the year		
– Manufacturing and sales of gear products	**1,055,739**	933,028
– Others	**99,717**	35,168
	1,155,456	968,196

8 NET FAIR VALUE CHANGES IN FINANCIAL INSTRUMENTS

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

9 OTHER INCOME

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

Note:

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

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

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

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

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

10 OTHER LOSSES – NET

	Note	2024 RMB'000	2023 RMB'000
(Loss)/gain on disposal of subsidiaries	47	**(9,976)**	2,449
Fair value losses in investment properties	19	**(444,344)**	(71,475)
Gains/(losses) on disposal of property, plant and equipment		**9,727**	(578)
Gains on disposal/partial disposal of associates	24	**7,404**	7,835
Loss on swap contracts		**(36,823)**	(35,720)
Impairment losses on property, plant and equipment	18	**(228,184)**	(4,931)
Waiver of interest on loan receivables	(i)	**–**	(38,866)
Reversal of/(provision for) impairment losses on prepayments (excluding Relevant Trading Business)	32	**311**	(2,323)
Impairment losses on other intangible assets	22	**(9,680)**	–
Foreign exchange gains – net		**164,157**	125,777
Others		**95**	8,175
		(547,313)	(9,657)

Note:

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

11 EXPENSES BY NATURE

	Note	2024 RMB'000	2023 RMB'000
Employee benefit expenses:			
Directors' remuneration	13		
– Fees		2,324	2,275
– Salaries, allowances and benefits in kind		2,337	2,311
– Discretionary bonuses		560	560
– Pension scheme contributions		297	306
		5,518	5,452
Other staff costs			
– Salaries and other benefits		2,054,385	1,997,834
– Pension scheme contributions		176,631	174,609
		2,231,016	2,172,443
		2,236,534	2,177,895
Other items:			
Cost of inventories sold		17,242,926	19,133,831
Cost of properties sold		2,497	151
Amortisation of other intangible assets	22	70,307	70,420
Depreciation of right-of-use assets	20(a)	46,602	33,665
Depreciation of property, plant and equipment	18	830,956	626,330
Write-down of inventories	30	77,371	62,598
Write-down of properties under development	33	5,738	57,204
Write-down of properties held for sale	34	339	552
Expenses relating to short-term leases	20(b)(ii)	35,173	48,086
Expenses relating to leases of low-value assets	20(b)(ii)	1,891	2,451
Auditors' remuneration			
– Audit services		7,065	7,065
– Non-audit services		4,420	3,404
Penalty on past late payment of a borrowing	38(b)	–	100,000
Other expenses *(Note (a))*		1,348,238	1,483,713
Total expenses		21,910,057	23,807,365
Represented by:			
– Cost of sales and services provided		19,654,507	21,304,093
– Selling and distribution expenses		619,837	618,040
– Administrative expenses		826,239	980,759
– Research and development costs		809,474	904,473
		21,910,057	23,807,365

Note:

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

Notes to the Consolidated Financial Statements

12 FINANCE COSTS

	Note	2024 RMB'000	2023 RMB'000
Interest on bank and other borrowings		742,482	880,214
Less: Interest capitalised at rates ranging from 3.60% to 4.05% (2023: 3.95% to 4.35%) per annum		(5,041)	(3,977)
		737,441	876,237
Interest on lease liabilities	20(b)(ii)	2,252	904
Unwinding of discount on written put option liability	41	258,000	258,000
		997,693	1,135,141

13 DIRECTORS' REMUNERATION

(i) Directors' emoluments

	Note	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses* RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024						
Executive directors:						
Mr. Ji Changqun ("Mr. Ji")	(a)	332	–	–	–	332
Ms. Du Wei		332	1,377	–	99	1,808
Mr. Shen Chen		332	480	320	99	1,231
Mr. Ge Jinzhu		332	480	240	99	1,151
Independent non-executive directors:						
Mr. Lau Chi Keung		332	–	–	–	332
Mr. Huang Shun		332	–	–	–	332
Mr. Tsang Sai Chung		332	–	–	–	332
		2,324	2,337	560	297	5,518

13 DIRECTORS' REMUNERATION *(continued)*

(i) Directors' emoluments *(continued)*

	Note	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses* RMB'000	Pension scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2023						
Executive directors:						
Mr. Ji	(a)	325	–	–	–	325
Ms. Du Wei		325	1,351	–	102	1,778
Mr. Shen Chen		325	480	320	102	1,227
Mr. Ge Jinzhu		325	480	240	102	1,147
Independent non-executive directors:						
Mr. Lau Chi Keung		325	–	–	–	325
Mr. Huang Shun		325	–	–	–	325
Mr. Tsang Sai Chung		325	–	–	–	325
		2,275	2,311	560	306	5,452

Note:

(a) Mr. Ji is the chief executive and executive director of the Company.

* The bonus was determined with reference to performance of individuals for the year and market trends.

There was no arrangement under which a director or a chief executive waived or agreed to waive any remuneration in both years.

(ii) Directors' retirement benefits and termination benefits

No director received or will receive any retirement benefits or termination benefits during the year ended 31 December 2024 (2023: nil).

(iii) Consideration provided to third parties for making available of the directors' services

During the year ended 31 December 2024, the Company did not pay consideration to any third parties for making available of the directors' services (2023: nil).

(iv) Information about loans, quasi-loans and other dealings in favour of the directors, controlled bodies corporate by and connected entities with the directors

There is no loan, quasi-loan or other dealing arrangement in favour of the directors, controlled bodies corporate by and controlled entities with the directors (2023: nil).

13 DIRECTORS' REMUNERATION *(continued)*

(v) Information about directors' interests in share options scheme

During the year ended 31 December 2018, the Group has adopted a share option scheme pursuant to which 3,348,200 share options were granted to Ms. Du Wei. No share option was exercised by Ms. Du Wei and 11,518 share options, adjusted as a result of subscription of new shares and share consolidation, were cancelled during the year ended 31 December 2023.

14 FIVE HIGHEST PAID EMPLOYEES

No director is included in the five highest paid employees during the year ended 31 December 2024 (2023: nil). Details of the remuneration for the year of the five (2023: five) highest paid employees who are neither a director nor a chief executive of the Company are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, allowances and benefits in kind	**17,388**	17,388
Pension scheme contributions	**212**	212
	17,600	17,600

The number of highest paid employees (excluding directors or chief executive) whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK$2,500,001 to HK$3,000,000	**2**	–
HK$3,000,001 to HK$3,500,000	**1**	3
HK$3,500,001 to HK$4,000,000	**1**	1
HK$5,500,001 to HK$6,000,000	**1**	–
HK$6,000,001 to HK$6,500,000	**–**	1
	5	5

During the years ended 31 December 2024 and 2023, no emolument was paid by the Group to the directors, chief executive or the highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office.

15 INCOME TAX EXPENSES

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

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

A reconciliation between income tax expenses and accounting loss at applicable tax rates is as follows:

	2024 RMB'000	2023 RMB'000
Loss before tax	(7,138,421)	(444,860)
Tax calculated at the statutory tax rate of 25%	(1,784,605)	(111,215)
Effect of different tax rates of subsidiaries operating in other jurisdictions and lower tax rate for specific provinces or enacted by local authorities	(116,536)	(58,263)
Effect of share of results of associates and joint ventures	9,914	(644)
Income not subject to tax	(8,618)	(23,585)
Expenses not deductible for tax	62,754	39,314
Utilisation of recognised tax losses from prior years	(51,050)	(34,056)
Unused tax losses not recognised	556,674	216,573
Temporary differences not recognised	1,469,983	149,049
Provision for LAT	1,864	4,921
Tax effect for LAT	(293)	(785)
Additional deductible allowances for research and development expenses recognised in profit or loss in current year	(30,027)	(90,147)
Over-provision in respect of prior years	(3,443)	(73,957)
Decrease in opening deferred tax assets resulting from a decrease in applicable tax rate	31,938	–
Others	48,374	(6,616)
Income tax expenses	186,929	10,589

15 INCOME TAX EXPENSES *(continued)*

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

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

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

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

(b) PRC LAT

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

(c) Other corporate income tax

Enterprises incorporated in other places other than the PRC are subject to income tax rates of 8.25% to 30% (2023: 8.25% to 30%) prevailing in the places in which these enterprises operated for the year ended 31 December 2024.

15 INCOME TAX EXPENSES *(continued)*

(d) Pillar Two Model Rules

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

16 DIVIDENDS

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

17 LOSS PER SHARE

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

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

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

18 PROPERTY, PLANT AND EQUIPMENT

	Hotel properties RMB'000	Freehold lands and leasehold buildings RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023							
Cost	1,520,010	3,412,605	6,734,831	310,488	504,698	2,399,723	14,882,355
Accumulated depreciation and impairments	(177,417)	(866,752)	(4,445,873)	(213,624)	(298,618)	(75,794)	(6,078,078)
Net carrying amount	1,342,593	2,545,853	2,288,958	96,864	206,080	2,323,929	8,804,277
For the year ended 31 December 2023							
Opening net carrying amount	1,342,593	2,545,853	2,288,958	96,864	206,080	2,323,929	8,804,277
Additions	13,663	51	60,650	12,461	50,680	2,362,432	2,499,937
Transferred from construction in progress	–	56,530	1,798,620	14,330	331,541	(2,201,021)	–
Depreciation for the year *(Note 11)*	(63,657)	(105,188)	(358,680)	(45,104)	(53,701)	–	(626,330)
Disposals	(26,720)	(56,081)	(9,804)	(1,859)	(5,315)	(1,590)	(101,369)
Exchange differences	6,885	5,577	178	(172)	299	409	13,176
(Provision for)/reversal of impairments *(Note 10)*	–	–	(7,306)	309	–	2,066	(4,931)
Closing net carrying amount	1,272,764	2,446,742	3,772,616	76,829	529,584	2,486,225	10,584,760
At 31 December 2023							
Cost	1,515,961	3,407,580	8,546,668	316,704	881,360	2,559,952	17,228,225
Accumulated depreciation and impairments	(243,197)	(960,838)	(4,774,052)	(239,875)	(351,776)	(73,727)	(6,643,465)
Net carrying amount	1,272,764	2,446,742	3,772,616	76,829	529,584	2,486,225	10,584,760

18 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Hotel properties RMB'000	Freehold lands and leasehold buildings RMB'000	Plant and machinery RMB'000	Furniture and fixtures RMB'000	Motor vehicles and others RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024							
Cost	1,515,961	3,407,580	8,546,668	316,704	881,360	2,559,952	17,228,225
Accumulated depreciation and impairments	(243,197)	(960,838)	(4,774,052)	(239,875)	(351,776)	(73,727)	(6,643,465)
Net carrying amount	1,272,764	2,446,742	3,772,616	76,829	529,584	2,486,225	10,584,760
For the year ended 31 December 2024							
Opening net carrying amount	1,272,764	2,446,742	3,772,616	76,829	529,584	2,486,225	10,584,760
Additions	4,331	46,460	106,528	8,518	28,893	1,904,102	2,098,832
Transferred from construction in progress	–	506,684	1,555,025	29,251	296,987	(2,387,947)	–
Depreciation for the year *(Note 11)*	(49,978)	(133,740)	(516,138)	(15,372)	(115,728)	–	(830,956)
Disposals	–	(6,074)	(75,428)	(2,475)	(5,824)	(5,810)	(95,611)
Disposal of a subsidiary *(Note 47)*	(678,842)	–	–	(2,484)	(136)	–	(681,462)
Exchange differences	(16,700)	(2,500)	108	183	528	(1,042)	(19,423)
(Provision for)/reversal of impairments *(Note 10)*	(270,751)	36,457	(68)	(88)	–	6,266	(228,184)
Closing net carrying amount	260,824	2,894,029	4,842,643	94,362	734,304	2,001,794	10,827,956
At 31 December 2024							
Cost	342,848	3,926,087	10,123,279	334,255	1,200,535	2,069,255	17,996,259
Accumulated depreciation and impairments	(82,024)	(1,032,058)	(5,280,636)	(239,893)	(466,231)	(67,461)	(7,168,303)
Net carrying amount	260,824	2,894,029	4,842,643	94,362	734,304	2,001,794	10,827,956

Depreciation of property, plant and equipment has been charged to profit or loss as follows:

	2024 RMB'000	2023 RMB'000
Cost of sales and services provided	**710,989**	514,658
Selling and distribution expenses	**28,640**	25,619
Administrative expenses	**64,906**	64,238
Research and development costs	**26,421**	21,815
	830,956	626,330

The Group was in the process of obtaining property certificates for buildings with carrying amount of RMB305,251,000 (2023: RMB479,134,000) at the end of the reporting period.

The freehold lands are located in the USA and Australia.

As at 31 December 2024, property, plant and equipment with carrying amount of RMB3,828,475,000 (2023: RMB3,948,536,000) were pledged as collateral for the Group's borrowings (Note 52).

The provision for impairment losses on property, plant and equipment during the year ended 31 December 2024 was mainly recognised for a hotel operated in the PRC, which was derecognised upon the disposal of a subsidiary. The details of impairment losses are set out in Note 47(a).

19 INVESTMENT PROPERTIES

	Note	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January		**4,931,388**	5,047,272
Fair value losses recognised in profit or loss	10	**(444,344)**	(71,475)
Disposals		**(34,413)**	(44,409)
Disposal of a subsidiary	47	**(1,657,043)**	–
Carrying amount at 31 December		**2,795,588**	4,931,388

Rental income and operating expenses arising from leasing of investment properties are as follows:

	2024 RMB'000	2023 RMB'000
Rental income received	**239,442**	253,559
Direct operating expenses from investment properties that generated rental income	**(36,623)**	(31,367)

The Group's investment properties consist of two shopping malls, offices and parking lots (2023: three shopping malls, five commercial properties, offices and parking lots) in the PRC. The Group engages external, independent and qualified valuers to determine the fair value of investment properties at the end of each reporting period. The Group's investment properties were revalued on 31 December 2024 based on valuations performed by an independent professional qualified valuers. The valuations were either based on discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing leases and other contracts and (when possible) by external evidences such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows ("Discounted cash flow method"), or made with reference to comparable market transactions, adjusted for differences in the nature, location and conditions of the transactions ("Market approach"), whichever is appropriate.

The investment properties are leased to independent third parties under operating leases, details of which are included in Note 51(i) to the consolidated financial statements.

19 INVESTMENT PROPERTIES *(continued)*

As at 31 December 2024, the Group's investment properties with carrying amount of RMB2,773,560,000 (2023: RMB4,502,440,000) were pledged as collateral for the Group's borrowings (Note 52), an associate's borrowings (Note 50(iii)) and third party's borrowings (Note 50(i)).

Fair value hierarchy

In estimating the fair value of properties, the highest and best use is the current use. The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	31 December 2024			
Recurring fair value measurement for:	**Quoted prices in active markets (Level 1) RMB'000**	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
– Shopping malls	**–**	**–**	**2,773,582**	**2,773,582**
– Offices	**–**	**–**	**22,006**	**22,006**
	–	**–**	**2,795,588**	**2,795,588**

	31 December 2023			
Recurring fair value measurement for:	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
– Shopping malls	–	–	4,361,668	4,361,668
– Commercial properties	–	–	105,945	105,945
– Offices	–	–	463,775	463,775
	–	–	4,931,388	4,931,388

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: nil).

19 INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Name of the investment properties	Valuation techniques	Significant unobservable inputs	Range or weighted average	
			2024	2023
Wonder City (虹悅城)	Market approach	Market unit rate[1]	**RMB12,000 to RMB35,100**	RMB12,200 to RMB35,700
	Discounted cash flow method	Discount rate	**8%**	7%
WanGuo (萬國物業)	Market approach	Market unit rate[1]	**RMB3,400**	RMB4,000
Happy Plaza (歡樂廣場)	Market approach	Market unit rate[1]	**RMB4,400 to RMB23,300**	RMB4,300 to RMB24,400
Yuhua Salon (雨花客廳)				
– A1 (certain units)	Market approach	Market unit rate[1]	**N/A**	RMB8,000 to RMB17,800
	Discounted cash flow method	Discount rate	**N/A**	7%
– Epark C1	Market approach	Market unit rate[1]	**N/A**	RMB18,900
– Epark Shopping Mall	Market approach	Market unit rate[1]	**N/A**	RMB19,500
	Discounted cash flow method	Discount rate	**N/A**	7%
Nantong Youshan Meidi Garden Project/Huitong Building/Zhejiang Youshan Meidi Garden Project (南通優山美地花園項目／匯通大廈項目／鎮江優山美地花園項目)	Market approach	Market unit rate[1]	**N/A**	RMB3,200 to RMB10,300

Remark 1: The market unit rate takes into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the properties.

For the years ended 31 December 2024 and 2023, the fair value measurement is positively correlated to the market unit rate and negatively correlated to the discount rates.

20(a) RIGHT-OF-USE ASSETS

	Leasehold buildings RMB'000	Leasehold lands RMB'000	Total RMB'000
At 1 January 2023			
Cost	28,076	1,313,157	1,341,233
Accumulated depreciation	(18,633)	(253,322)	(271,955)
Net carrying amount	9,443	1,059,835	1,069,278
For the year ended 31 December 2023			
Opening net carrying amount	9,443	1,059,835	1,069,278
Additions	–	55,825	55,825
Depreciation for the year *(Note 11)*	(3,916)	(29,749)	(33,665)
Exchange differences	–	5,200	5,200
Closing net carrying amount	5,527	1,091,111	1,096,638
At 31 December 2023 and 1 January 2024			
Cost	28,076	1,317,147	1,345,223
Accumulated depreciation	(22,549)	(226,036)	(248,585)
Net carrying amount	5,527	1,091,111	1,096,638
For the year ended 31 December 2024			
Opening net carrying amount	**5,527**	**1,091,111**	**1,096,638**
Additions	**188,029**	**50,720**	**238,749**
Depreciation for the year *(Note 11)*	**(16,080)**	**(30,522)**	**(46,602)**
Exchange differences	**–**	**(600)**	**(600)**
Closing net carrying amount	**177,476**	**1,110,709**	**1,288,185**
At 31 December 2024			
Cost	**255,493**	**1,367,193**	**1,622,686**
Accumulated depreciation	**(78,017)**	**(256,484)**	**(334,501)**
Net carrying amount	**177,476**	**1,110,709**	**1,288,185**

20(a) RIGHT-OF-USE ASSETS *(continued)*

The land use rights are located in the PRC and Germany. As at 31 December 2024, the Group is in the process of obtaining certain land use rights certificates with carrying amounts of RMB53,311,000 (2023: RMB131,516,000).

As at 31 December 2024, right-of-use assets with carrying amount of RMB497,957,000 (2023: RMB342,352,000) were pledged as collateral for the Group's borrowings (Note 52).

The depreciation of right-of-use assets has been charged to profit or loss as follows:

	2024 RMB'000	2023 RMB'000
Cost of sales and services provided	12,797	1,351
Administrative expenses	33,805	32,314
	46,602	33,665

20(b) LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to the leases:

	2024 RMB'000	2023 RMB'000
Right-of-use assets		
Leasehold buildings	177,476	5,527
Leasehold lands	1,110,709	1,091,111
	1,288,185	1,096,638
Lease liabilities		
Current	47,841	7,351
Non-current	135,728	8,629
	183,569	15,980

20(b) LEASES *(continued)*

(ii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income

The consolidated statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	Note	2024 RMB'000	2023 RMB'000
Depreciation charges of right-of-use assets			
Leasehold buildings		16,080	3,916
Leasehold lands		30,522	29,749
		46,602	33,665
Interest expense (included in finance costs)	12	2,252	904
Expenses relating to short-term leases (included in cost of sales and services provided, selling and distribution expenses and administrative expenses)	11	35,173	48,086
Expenses relating to leases of low-value assets that are not included in short-term leases (included in cost of sales and services provided, selling and distribution expenses, administrative expenses and research and development costs)	11	1,891	2,451
		85,918	85,106

The total cash outflows for payments for right-of-use assets and capital element and interest element of lease rental paid during the year ended 31 December 2024 were RMB50,720,000 and RMB22,464,000 (2023: RMB55,825,000 and RMB7,753,000) respectively.

(iii) The Group's leasing activities

The Group leases various leasehold lands and buildings. The lease agreements are typically made for fixed periods of 1 year to 75 years (2023: 1 year to 50 years).

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

21 GOODWILL

	RMB'000
At 1 January 2023, 31 December 2023 and 31 December 2024	
Cost	1,623,368
Accumulated impairment	(119,551)
Net carrying amount	1,503,817

21 GOODWILL *(continued)*

Note:

(i) Impairment testing of goodwill

After a series of acquisitions, the Group formed certain diversified operations, including manufacturing and sales of gear products in the PRC, provision of investment and financial consulting services in Hong Kong, and provision of education services in United Kingdom. The Group monitors the results of these businesses separately for the purpose of making decision about resources allocation and performance. Goodwill acquired through these acquisitions is allocated to the following CGUs for impairment testing:

- New energy CGU;
- Education CGU; and
- Investment and financial consulting services CGU

(a) New energy CGU

At 31 December 2024, the recoverable amount of the new energy CGU has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 8.92% (2023: 9.94%). The growth rate used to extrapolate the cash flows of the new energy CGU beyond the five-year period is nil (2023: 2%), which was the same as the long-term average growth rate of the industry. Management believes that any reasonably possible change in any of these assumptions would not result in impairment losses.

(b) Education CGU

At 31 December 2024, the recoverable amount of the education CGU in United Kingdom has been determined based on a value-in-use calculation using cash flows projections based on financial budgets covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 8.60% (2023: 9.48%). The growth rate used to extrapolate the cash flows of the education CGU beyond the five-year period is 3% (2023: 3%), which was the same as the long-term average growth rate of the industry. Management believes that any reasonably possible change in any of these assumptions would not result in impairment losses.

(c) Investment and financial consulting services CGU

As at 31 December 2023 and 2024, all of the goodwill in relation to the investment and financial consulting services CGU was fully impaired.

(ii) Summary of the allocation of goodwill

As at 31 December 2024, the net carrying amount of goodwill allocated to each of the CGUs is as follows:

	New energy RMB'000	**Education RMB'000**	**Investment and financial consulting services RMB'000**	**Total RMB'000**
Net carrying amount of goodwill	**1,492,488**	**11,329**	**–**	**1,503,817**

As at 31 December 2023, the net carrying amount of goodwill allocated to each of the CGUs is as follows:

	New energy RMB'000	Education RMB'000	Investment and financial consulting services RMB'000	Total RMB'000
Net carrying amount of goodwill	1,492,488	11,329	–	1,503,817

22 OTHER INTANGIBLE ASSETS

	Patents and technologies RMB'000	Deferred development costs RMB'000	Customer relationship RMB'000	Licenses RMB'000	Total RMB'000
At 1 January 2023					
Cost	158,710	650,522	540,000	22,205	1,371,437
Accumulated amortisation	(96,406)	(650,522)	(328,500)	(6,903)	(1,082,331)
Net carrying amount	62,304	–	211,500	15,302	289,106
For the year ended 31 December 2023					
Opening net carrying amount	62,304	–	211,500	15,302	289,106
Charge for the year *(Note 11)*	(15,649)	–	(54,000)	(771)	(70,420)
Closing net carrying amount	46,655	–	157,500	14,531	218,686
At 31 December 2023 and 1 January 2024					
Cost	**158,710**	**650,522**	**540,000**	**22,205**	**1,371,437**
Accumulated amortisation	**(112,055)**	**(650,522)**	**(382,500)**	**(7,674)**	**(1,152,751)**
Net carrying amount	**46,655**	**–**	**157,500**	**14,531**	**218,686**
For the year ended 31 December 2024					
Opening net carrying amount	**46,655**	**–**	**157,500**	**14,531**	**218,686**
Additions	**32**	**–**	**–**	**–**	**32**
Charge for the year *(Note 11)*	**(15,649)**	**–**	**(54,000)**	**(658)**	**(70,307)**
Provision for impairments *(Note 10)*	**–**	**–**	**–**	**(9,680)**	**(9,680)**
Closing net carrying amount	**31,038**	**–**	**103,500**	**4,193**	**138,731**
At 31 December 2024					
Cost	**158,742**	**650,522**	**540,000**	**22,205**	**1,371,469**
Accumulated amortisation and impairment	**(127,704)**	**(650,522)**	**(436,500)**	**(18,012)**	**(1,232,738)**
Net carrying amount	**31,038**	**–**	**103,500**	**4,193**	**138,731**

The amortisation of other intangible assets has been charged to profit or loss as follows:

	2024 RMB'000	2023 RMB'000
Selling and distribution expenses	**54,000**	54,000
Administrative expenses	**16,307**	16,420
	70,307	70,420

23 INVESTMENTS IN JOINT VENTURES

	2024 RMB'000	2023 RMB'000
Share of net assets	143,998	303,902

	Note	2024 RMB'000	2023 RMB'000
At 1 January		303,902	290,756
Share of results of joint ventures		(32,393)	9,967
Disposal of a subsidiary	47	(131,707)	–
Exchange differences		4,196	3,179
At 31 December		143,998	303,902

(i) Summarised financial information for joint ventures

Name	Registered capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group 2024	2023	Principal activities	Carrying amount 2024 RMB'000	2023 RMB'000
Fullshare Value Fund I L.P. ("FVF I L.P.")	Registered capital of US$239,827,000	Cayman Islands/ Hong Kong	50.39	50.39	Investment	143,998	132,016
Lianyungang Shunfeng Property Company Limited (連雲港順豐房地產有限公司) ("Lianyungang Shunfeng")	Registered capital of RMB378,000,000	The PRC	–	30.00	Development and sale of properties, and provision of construction related services	–	171,886

23 INVESTMENTS IN JOINT VENTURES *(continued)*

(i) Summarised financial information for joint ventures *(continued)*

	FVF I L.P.		Lianyungang Shunfeng	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
			(Note)	
Current assets				
Cash and cash equivalents	**7**	1	**–**	10,241
Other current assets	**89,138**	71,249	**–**	564,714
Total current assets	**89,145**	71,250	**–**	574,955
Total non-current assets	**196,621**	190,732	**–**	46
Total current liabilities	**(21)**	(13)	**–**	(2,047)
Net assets	**285,745**	261,969	**–**	572,954
The Group's effective interest	**50.39%**	50.39%	**–**	30.00%
Carrying amount	**143,998**	132,016	**–**	171,886
Revenue	**15,450**	15,230	**–**	53,102
Income tax expenses	**–**	–	**–**	–
Profit for the year	**15,450**	15,230	**–**	7,638
The Group's share of results for the year	**7,786**	7,676	**–**	2,291

Note:

The joint venture was derecognised of upon the disposal of a subsidiary during the year ended 31 December 2024, and the Group's share of loss of this joint venture was RMB40,179,000 for the period from 1 January 2024 up to the date of disposal.

24 INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Share of net assets	**422,210**	286,858
Goodwill on acquisition	**232,412**	241,303
Financial guarantees granted to an associate	**34,038**	34,782
Provision for impairments	**(226,922)**	(223,354)
	461,738	339,589

	Note	2024 RMB'000	2023 RMB'000
At 1 January		**339,589**	379,330
Additional investments	(i)	**192,676**	–
Share of results of associates		**(31,230)**	(6,717)
Provision for impairments included in share of results for the year		**(3,568)**	–
Disposal/partial disposal of associates	(ii), (iii)	**(15,397)**	(32,008)
Disposal of a subsidiary	47	**(19,798)**	–
Share of other comprehensive income/(loss) of associates		**2,904**	(1,243)
Dividends from an associate		**(2,872)**	(2,900)
Exchange differences		**(566)**	3,127
At 31 December		**461,738**	339,589

Note:

(i) During the year ended 31 December 2024, the Group lost control over Nanjing Fullshare Dazu Technology Company Limited ("Fullshare Dazu"), a former subsidiary of the Group, upon disposal of a subsidiary which held 73.33% equity interests of Fullshare Dazu, and accounted for the remaining 26.67% equity interest in Fullshare Dazu as investment in an associate of RMB177,676,000. Details of the disposal of a subsidiary are set out in Note 47.

On 4 July 2024, the Group contributed RMB15,000,000 to its associate, Nanjing Zhuoneng Supply Chain Management Co., Ltd..

(ii) On 21 June 2023, the Group entered into an agreement with two independent third parties to dispose of its 40% equity interest in Nanjing Langjin Technology Group Co., Ltd, at a total cash consideration of RMB13,000,000, and resulted in a loss of RMB8,087,000.

During the year ended 31 December 2023, the Group disposed of 22.94% equity interest in QV Education (Group) Limited, at a total net consideration of approximately GBP2,920,000 (equivalent to RMB26,843,000) and resulted in a gain of RMB15,922,000.

(iii) On 15 October 2024, the Group and Sparrow entered into a share buy back agreement ("Buy-back Agreement"), pursuant to which the Group conditionally agreed to sell 24,013,278 shares or 24.01% equity interests of Sparrow ("Sale Shares") to Sparrow, and Sparrow may, at its election, buy back some or all of the Sale Shares ("Sale Shares Options") in one or more tranche(s) at consideration determined by the formula as specified in the Buy-back Agreement whereas the total consideration would not be more than AUD20,000,000.

During the year ended 31 December 2024, Sparrow exercised the Sale Shares Options to buy back 5,853,478 shares at a consideration of AUD5,000,000 (equivalent to RMB22,801,000) and resulted in a gain of RMB7,404,000. After the buy back by Sparrow, the Group holds approximately 19.29% equity interests in Sparrow. Pursuant to the Sparrow shareholders' agreement signed by the Group and controlling shareholder of Sparrow in prior years, the Group has the right to appoint two out of the five directors to the board of Sparrow. Accordingly, Sparrow will continue to be accounted for as an associate of the Group.

24 INVESTMENTS IN ASSOCIATES *(continued)*

(i) Summarised financial information for material associates

Name	Issued shares/ registered capital	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group		Principal activities	Carrying amount	
			2024	2023		2024	2023
						RMB'000	RMB'000
Hin Sang Group (International) Holding Co. Ltd. ("Hin Sang")	Ordinary shares of HK$109,180,000	Cayman Islands/ Hong Kong	22.90	22.90	Development and sale of healthcare products	59,030	67,665
Sparrow	Ordinary shares of AUD3,645,277 (2023: AUD3,871,919)	Australia	19.29	24.01	Education	40,665	55,837
Zhongbang Finance Leasing (Jiangsu) Co., Ltd. (眾邦融資租賃(江蘇)股份有限公司) ("Zhongbang Finance Leasing")	Registered capital of RMB500,000,000	The PRC	37.21	37.21	Finance leasing	101,942	101,945
Hainan Kaibang Real Estate Development Co., Ltd. (海南凱邦房地產開發有限公司) ("Hainan Kaibang")	Registered capital of RMB160,000,000	The PRC	33.69	33.69	Property management	79,774	79,898
Fullshare Dazu	Registered capital of RMB3,000,000,000	The PRC	26.67	N/A	Real estate development and investments	152,107	–

Hin Sang is a company listed on the SEHK (06893.SEHK). The fair value of the listed investment as at 31 December 2024 amounted to RMB61,089,000 (2023: RMB75,934,000).

24 INVESTMENTS IN ASSOCIATES *(continued)*

(i) Summarised financial information for material associates *(continued)*

	Hin Sang		Sparrow	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current assets				
Cash and cash equivalents	**7,104**	4,731	**20,522**	30,771
Other current assets	**27,829**	36,221	**37,416**	27,402
Total current assets	**34,933**	40,952	**57,938**	58,173
Non-current assets	**492,761**	490,311	**796,821**	706,865
Current liabilities	**(241,224)**	(221,444)	**(140,070)**	(156,585)
Non-current liabilities	**(126,087)**	(121,012)	**(660,063)**	(538,415)
Net assets	**160,383**	188,807	**54,626**	70,038
The Group's effective interest	**22.90%**	22.90%	**19.29%**	24.01%
The Group's share of net assets	**36,728**	43,233	**10,537**	16,818
Goodwill on acquisition	**195,574**	195,574	**30,128**	39,019
Exchange differences	**21,540**	20,102	**–**	–
Carrying amount before impairment	**253,842**	258,909	**40,665**	55,837
Impairment losses recognised for investment in an associate	**(194,812)**	(191,244)	**–**	–
Carrying amount	**59,030**	67,665	**40,665**	55,837
Revenue	**79,502**	85,927	**625,530**	563,719
Income tax expenses	**(826)**	(254)	**(12,631)**	(7,161)
(Loss)/profit for the year	**(44,819)**	(30,936)	**24,796**	13,750
The Group's share of (loss)/profit for the year	**(10,262)**	(7,084)	**5,954**	3,302
Impairment losses recognised for the year	**(3,568)**	–	**–**	–
The Group's share of results for the year	**(13,830)**	(7,084)	**5,954**	3,302
Other comprehensive income/(loss) for the year	**12,682**	(5,428)	**–**	–
The Group's share of other comprehensive income/(loss) for the year	**2,904**	(1,243)	**–**	–

24 INVESTMENTS IN ASSOCIATES *(continued)*

(i) Summarised financial information for material associates *(continued)*

	Zhongbang Finance Leasing		Hainan Kaibang	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current assets				
Cash and cash equivalents	**34**	41	**137**	3
Other current assets	**87,469**	21,326	**158,974**	158,973
Total current assets	**87,503**	21,367	**159,111**	158,976
Non-current assets	**293,770**	279,142	**79,658**	79,659
Current liabilities	**(107,309)**	(26,536)	**(1,981)**	(1,476)
Non-current liabilities	**–**	–	**–**	–
Net assets	**273,964**	273,973	**236,788**	237,159
The Group's effective interest	**37.21%**	37.21%	**33.69%**	33.69%
The Group's share of net assets	**101,942**	101,945	**79,774**	79,898
Carrying amount	**101,942**	101,945	**79,774**	79,898
Revenue	**–**	–	**–**	–
Income tax expenses	**–**	–	**–**	–
Loss for the year	**(9)**	(390)	**(371)**	(376)
The Group's share of results for the year	**(3)**	(145)	**(124)**	(127)

	Fullshare Dazu	
	2024	2023
	RMB'000	RMB'000
Current assets		
Cash and cash equivalents	**2,411**	–
Other current assets	**2,055,604**	–
Total current assets	**2,058,015**	–
Non-current assets	**2,898,566**	–
Current liabilities	**(4,258,576)**	–
Non-current liabilities	**(238,872)**	–
Net assets	**459,133**	–
The Group's effective interest	**26.67%**	–
The Group's share of net assets	**152,107**	–
Carrying amount	**152,107**	–
Revenue	**15,278**	–
Income tax expenses	**3,771**	–
Loss for the period	**(99,898)**	–
The Group's share of results for the period	**(25,569)**	–

24 INVESTMENTS IN ASSOCIATES *(continued)*

(ii) Individually immaterial associates

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Share of the results of the associates for the year	(1,226)	(2,663)

	2024 RMB'000	2023 RMB'000
Aggregate carrying value of investments	28,220	34,244
Aggregate amounts of the Group's share of:		
– Loss for the year	(1,226)	(2,663)
– Total comprehensive loss for the year	(1,226)	(2,663)

As at 31 December 2024, the Group's investments in associates with carrying amount of RMB152,107,000 (2023: nil) were pledged as collateral for an associate's borrowings (Note 52).

25 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments as at the end of the reporting period:

	Note	2024 RMB'000	2023 RMB'000
Financial assets			
Restricted cash	35	2,822,958	3,578,324
Cash and cash equivalents	35	3,965,148	5,693,844
Consideration receivables	28(ii)	611,792	284,919
Loan receivables	28(i)	96,933	655,627
Trade receivables	31	6,180,845	8,524,702
Other receivables	28(iii)	1,336,050	1,879,212
Financial assets at fair value through other comprehensive income	27	4,804,212	3,484,713
Financial assets at fair value through profit or loss	26	934,588	940,832
		20,752,526	25,042,173
Financial liabilities			
Bank and other borrowings	38	11,761,835	14,480,214
Trade and bills payables	36	9,407,155	7,625,165
Other payables and accruals		2,192,057	1,972,709
Lease liabilities	20(b)(i)	183,569	15,980
Derivative financial instruments	29	34,254	33,228
Written put option liability	41	–	4,772,175
		23,578,870	28,899,471

26 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 other comprehensive income; and
- Other non-equity investments that do not qualify for measurement at either amortised cost or FVOCI.

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Derivative financial instruments	(i)	**18,506**	27,995
Unlisted equity investments	(ii)	**760,830**	411,400
		779,336	439,395
Current assets			
Listed equity investments	(iii)	**47,111**	27,989
Unlisted equity investments	(ii)	**6,687**	430,186
Trade receivables measured at FVPL	(iv)	**101,454**	43,262
		155,252	501,437
		934,588	940,832

Note:

(i) 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 30 August 2019 ("GSH Disposal Agreement"), details of transaction are disclosed with the Company's relevant contingent liabilities in Note 50(ii), the Company is entitled to 23% of the distributable proceeds, if any, after the qualifying transactions as specified in the GSH Disposal Agreement (the "Qualifying Transactions") are completed. At 31 December 2024, the Qualifying Transactions have not been completed. The separate derivative associated with GSH Disposal Agreement was measured at FVPL amounting to RMB18,506,000 (2023: RMB27,995,000).

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Note: (continued)

(ii) 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 31 December 2024, these investments had an aggregate fair value of RMB423,300,000 (2023: RMB411,400,000), and an aggregate fair value gain of RMB11,900,000 (2023: RMB23,800,000) was recognised in profit or loss during the year ended 31 December 2024.

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

(iii) Listed equity investments

The balances as at 31 December 2024 represented the fair values of equity shares listed in Hong Kong, Singapore and the USA, which amounting to RMB26,973,000 (2023: RMB27,236,000), RMB635,000 (2023: RMB753,000) and RMB19,503,000 (2023: nil) respectively.

The fair values of equity shares are based on the closing prices of these securities quoted on the SEHK, the SGX and the NASDAQ as at the year end dates. The directors of the Company consider that the closing prices of these securities are the fair values of these investments.

On 16 May 2024, an unlisted equity investment of the Group, returned certain of the capital invested by the Group by way of distribution in specie of ordinary shares of an entity listed in the USA with a market value of RMB50,643,000. Subsequently, the Group disposed of certain shares in the open market and an aggregate fair value loss of RMB13,498,000 was recognised in profit or loss during the year ended 31 December 2024.

(iv) Trade receivables measured at FVPL

In 2021 and 2022, the Group entered into several agreements with a bank to sell all of its eligible trade receivables under certain customers and all right, title, interest and benefit the Group has in each such eligible trade receivables on a non-recourse basis without the need for any further action or documentation on the part of the Group or the bank, at a discount calculated based on the base rate and number of days for early payment as specified in the agreements.

At 31 December 2024, such trade receivables that are held solely for selling purpose amounting to RMB101,454,000 (2023: RMB43,262,000) were classified as financial assets at FVPL. For the year ended 31 December 2024, fair value loss of RMB1,159,000 (2023: RMB1,286,000) was recognised in "Net fair value changes in financial instruments".

27 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVOCI comprise:

- Equity investments which are not held for trading, and the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant; and
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial asset.

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Listed equity investments	(i)	**68,403**	56,480
Unlisted equity investments	(ii)	**1,383,219**	1,618,749
		1,451,622	1,675,229
Current assets			
Unlisted equity investments	(ii)	**4,387**	4,580
Debt investments – Bills receivables	(iii)	**3,348,203**	1,804,904
		3,352,590	1,809,484
		4,804,212	3,484,713

Note:

(i) The balances as at 31 December 2024 represented the fair values of equity shares listed in the PRC and the USA, which amounting to RMB40,973,000 (2023: RMB38,975,000) and RMB27,430,000 (2023: RMB17,505,000) respectively.

27 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME *(continued)*

Note: (continued)

(ii) 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 L.P. (浙江浙商產融股權投資基金合夥企業(有限合夥)) (the "Zheshang Fund") and the subscription of interest therein. Pursuant to the limited partnership agreement, the full registered capital contribution to the investment fund is RMB65,910,000,000, among which, RMB2,000,000,000 was contributed by the Group as a limited partner, which had been fully paid up by the Group to the investment fund. The investment in Zheshang Fund were revalued on 31 December 2024 and 2023 based on valuations performed by an independent professional qualified valuer by market approach. As at 31 December 2024, the fair value of Zheshang Fund amounted to RMB1,269,000,000 (2023: RMB1,239,000,000) is classified as non-current asset and a fair value gain of RMB30,000,000 (2023: fair value loss of RMB302,019,000) was recognised in other comprehensive income for the year ended 31 December 2024.

On 25 April 2016, Fullshare Dazu (the then wholly-owned subsidiary of the Group) entered into an agreement with 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"). As at 31 December 2023, capital contribution of RMB200,000,000 and RMB200,000,000 was held by Fullshare Dazu and other subsidiary of the Group respectively. During the year ended 31 December 2024, the investment in Jiangsu Investment held by Fullshare Dazu was derecognised upon disposal of a subsidiary. Details of the disposal are set out in Note 47. The investment in Jiangsu Investment was revalued using net asset approach with reference to net asset value of Jiangsu Investment. As at 31 December 2024, the fair value of the investment in Jiangsu Investment amounted to RMB101,700,000 (2023: RMB254,896,000) was classified as non-current asset. As at 31 December 2024, the investment in Jiangsu Investment was pledged as collateral for the Group's borrowings (Note 52).

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

(iii) Bills receivables that are held for collection of contractual cash flows and for selling purpose are measured at FVOCI. Bills receivables that are held by the Group are usually collected at maturity date or discounted to banks in the PRC by a way of selling before the maturity date. Information about the credit risk is provided in Note 3(iv).

Transfers of financial assets

The following were the Group's bills receivables accepted by banks in the PRC (the "Endorsed Bills") that were endorsed to certain of the Group's suppliers in order to settle the trade payables due to such suppliers. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables that are treated as settled.

Bills receivables endorsed to suppliers with full recourse are as follows:

	2024 **RMB'000**	2023 RMB'000
Carrying amount of transferred assets	**226,993**	150,488
Carrying amount of associated liabilities	**226,993**	(150,488)
Net position	**–**	–

As at 31 December 2024, the Group's bills receivables with carrying amount of RMB220,059,000 (2023: RMB294,458,000) were pledged as collateral for the Group's borrowings (Note 52).

28 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES)

(i) Loan receivables

	Note	2024 RMB'000	2023 RMB'000
Loans to third parties	(i)-(iv), (vi)	**738,630**	1,162,227
Loan to an associate	(v)	**96,933**	103,237
Less: Loss allowance	3(iv)(b)	**(738,630)**	(609,837)
		96,933	655,627
Represented:			
– Current portion		**–**	524,497
– Non-current portion		**96,933**	131,130
		96,933	655,627

Note:

(i) The Group entered into several loan agreements with independent third parties in prior years with accumulated unsettled balances of RMB425,500,000 as at 31 December 2023. These balances were unsecured, bore interests of 6% to 12% and were all past due. During the year ended 31 December 2024, these loans with aggregate carrying value of RMB113,107,000 were derecognised upon disposal of a subsidiary (Note 47).

(ii) The Group entered into an agreement in June 2019, pursuant to which a loan amount up to a maximum of RMB500,000,000 was arranged to an independent third party. As at 31 December 2024, the unsettled balance amounted to RMB255,675,000 (2023: RMB255,675,000) was past due. The balance is secured and bears an interest at 15% (2023: 15%) per annum.

(iii) The Group entered into an agreement in February 2023, pursuant to which a loan of RMB109,000,000 was lent to an independent third party. As at 31 December 2024, the unsettled balance amounted to RMB109,000,000 (2023: RMB109,000,000), of which the balance of RMB109,000,000 (2023: nil) was past due. The balance is secured and bears an interest at 8% per annum.

(iv) The Group entered into an agreement in February 2023, pursuant to which a loan of RMB110,000,000 was lent to an independent third party. As at 31 December 2024, the unsettled balance amounted to RMB110,000,000 (2023: RMB110,000,000) of which the balance of RMB110,000,000 (2023: nil) was past due. The balance is secured and bears an interest at 8% per annum.

(v) As at 31 December 2024, there is a loan of approximately AUD21,406,000 (equivalent to RMB96,933,000) (2023: AUD21,406,000 (equivalent to RMB103,237,000)) with Sparrow, an associate of the Group. The balance is unsecured, bears an interest at 6% (2023: 6%) per annum and is repayable in March 2027.

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

During the year ended 31 December 2023, in order to facilitate the loan repayments, the management entered into several supplemental agreements with the borrowers, pursuant to which the relevant outstanding interest balances would be waived if the loan balances could be repaid within the specified period. Waiver of interest on loan receivables of RMB38,866,000 was recognised and included in "Other losses – net" in profit or loss during the year ended 31 December 2023 as a result of repayments from those borrowers.

28 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) *(continued)*

(ii) Consideration receivables

	Note	**2024** **RMB'000**	2023 RMB'000
Consideration receivables	(i)-(iii)	**678,647**	354,326
Less: Loss allowance	3(iv)(b)	**(66,855)**	(69,407)
		611,792	284,919
Represented:			
– Current portion		**466,889**	130,593
– Non-current portion		**144,903**	154,326
		611,792	284,919

Note:

(i) As at 31 December 2024 and 2023, consideration receivables include deferred consideration receivable (the "Deferred Consideration") for the disposal of 72.71% equity interest in Sparrow, an associate of the Group, amounting to AUD32,000,000 (equivalent to RMB144,903,000) (2023: AUD32,000,000 (equivalent to RMB154,326,000)) and consideration receivable for disposal of equity interest of Shanghai Joyu amounting to RMB162,760,000 (2023: RMB200,000,000). The disposal of Sparrow was completed in March 2022. The Deferred Consideration is receivable at the 5th anniversary from the completion date of the disposal and bears an interest at 6% per annum. The disposal of Shanghai Joyu was completed in October 2022, and the consideration receivable is past due as at 31 December 2024 and 2023.

(ii) During the year ended 31 December 2024, Nanjing Handa Import and Export Trade Co., Ltd. ("Nanjing Handa"), a subsidiary of the Company, entered into a loan assignment agreement with an independent third party (the "Loan Purchaser"), pursuant to which Nanjing Handa agreed to assign, and the Loan Purchaser agreed to accept, all the Nanjing Handa's rights, title and interest in an intragroup loan with principal of RMB250,000,000, at a consideration of RMB250,000,000 (the "Loan Assignment") to be paid within one year. As at 31 December 2024, the consideration receivable of RMB250,000,000 in relation to the Loan Assignment is unsecured, interest-free and repayable within one year.

(iii) As at 31 December 2024, the balance of RMB120,984,000 included in consideration receivables is unsettled consideration related to disposal of a subsidiary which was completed in September 2024, details of which are set out in Note 47. The consideration is receivable within six months following the completion date of the disposal. The repayment term could be further extended for one year if both parties mutually agreed. The receivable is interest-free and secured by 20% equity interests of the disposed subsidiary.

28 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) *(continued)*

(iii) Other receivables

	Note	2024 RMB'000	2023 RMB'000
Amounts due from third parties			
– Deposit for land lease		**75,000**	75,000
– Receivables from the former subsidiaries of the bundle transaction		**516,284**	515,854
– Redemption receivables from an insurance company	(i)	**612,600**	1,123,843
– Refundable deposit	(ii)	**65,788**	63,467
– Value-added tax recoverable		**451,374**	392,900
– Others		**629,661**	655,208
		2,350,707	2,826,272
Amount due from a joint venture		**874**	847
Amounts due from associates		**53,963**	54,488
		2,405,544	2,881,607
Less: Loss allowance	3(iv)(b)	**(1,069,494)**	(1,002,395)
		1,336,050	1,879,212

All of the amounts due from the Group's joint venture and associates are unsecured, interest-free and repayable on credit terms similar to those offered to the other debtors of the Group.

Note:

(i) The balances represented redemption receivables on two insurance products purchased from an insurance company. In February and March 2023, the Group submitted the policy surrender requests to the insurance company to withdraw the cash value of insurance products. At the redemption date, the aggregate cash value of the insurance products was RMB1,123,843,000. In November 2023, the Group initiated a legal proceeding against the insurance company at Nanjing Intermediate People's Court to enforce the insurance company's repayment obligation for one of the insurance products, as the total amount due is not yet received by the Group.

As at the date of this report, the case is still on going, currently under the second trial of the jurisdiction issue. Based on the opinion of the legal counsel, it is expected that it is highly probable that the Group will succeed in the legal proceeding. Management does not expect this legal proceeding would have any material adverse impact on the business operations and the financial position of the Group.

During the year ended 31 December 2024, the redemption receivables of RMB511,243,000 on the other insurance products were derecognised upon disposal of a subsidiary.

Notes to the Consolidated Financial Statements

28 FINANCIAL ASSETS AT AMORTISED COST (EXCLUDING TRADE RECEIVABLES) *(continued)*

(iii) Other receivables *(continued)*

Note: (continued)

(ii) On 22 June 2022, the Group entered into a non-legally binding memorandum of understanding with an independent third party (the "Potential Vendor") in relation to a possible conditional voluntary cash offer for 100% equity interest in an entity (the "Possible Sale and Purchase"). A refundable earnest deposit of HK$70,000,000 was paid to the Potential Vendor accordingly. On 30 September 2022, a supplemental agreement was entered into pursuant to which if, among others, no definitive agreement in respect of the Possible Sale and Purchase was entered into on or before 31 March 2023, the Potential Vendor shall refund and return in full the earnest deposit (without any income accrued thereon) to the Group within 7 business days. Up to 31 March 2023, no definitive agreement has been reached with the Potential Vendor. As at 31 December 2024 and 2023, the deposit has yet to be refunded and such amount, pursuant to the memorandum of understanding is unsecured and bears an interest at 10% per annum.

29 DERIVATIVE FINANCIAL INSTRUMENTS

	2024 **RMB'000**	2023 RMB'000
Swap Contract measured at FVPL *(Note)*	**34,254**	33,228

Note:

On 6 March 2017, the Company and Five Season XX Limited entered into a return swap agreement ("Swap Contract") with Reward Lofy International Limited ("Reward Lofy"), another joint venturer of FVF I L.P., pursuant to which the Company would guarantee Reward Lofy a fixed annualised return rate at 8% of contributions it made during the investment period in return for the sharing of more than proportionate interests in the accumulated available proceeds of the FVF I L.P. by Five Season XX Limited at the termination date of the FVF I L.P..

The Swap Contract was measured at FVPL and classified as current liabilities as at 31 December 2023 and 2024, based on the estimated revised termination date. Even though the joint venturers agreed to extend the term of FVF I L.P., the revised termination date has yet to be fixed. As at 31 December 2024, management estimated the extended termination date would be on 31 December 2025 (2023: 31 December 2024). As at 31 December 2024, the fair value of the Swap Contract amounted to RMB34,254,000 (2023: RMB33,228,000).

Notes to the Consolidated Financial Statements

30 INVENTORIES

	2024 RMB'000	2023 RMB'000
Raw materials	777,792	825,526
Work in progress	2,730,087	2,677,781
Finished goods	2,548,333	3,045,359
	6,056,212	6,548,666

During the year ended 31 December 2024, a provision for decline in net realisable value of inventories amounted to RMB77,371,000 (2023: RMB62,598,000) was recognised and included in "Cost of sales and services provided" in profit or loss.

31 TRADE RECEIVABLES

	Note	2024 RMB'000	2023 RMB'000
Trade receivables			
– Relevant Trading Business	49	3,188,981	3,320,104
– Businesses other than Relevant Trading Business		6,821,633	5,894,162
– Amounts due from joint ventures		3,926	2,896
Less: Loss allowance	3(iv)(a)		
– Relevant Trading Business		(3,188,981)	(10,866)
– Businesses other than Relevant Trading Business		(644,714)	(681,594)
		6,180,845	8,524,702

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

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

Notes to the Consolidated Financial Statements

31 TRADE RECEIVABLES *(continued)*

The Group generally allows a credit period of 45 days to 180 days (2023: 90 days) to its trade customers and 180 days (2023: 180 days) for sales of gear products. Apart from that, the Group does not have a standardised and universal credit period granted to its customers for other sales, and the credit period of individual customers is considered on a case-by-case basis and stipulated in the relevant contracts, as appropriate.

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

As at 31 December 2023, trade receivables with carrying amount of RMB398,794,000 were pledged as collateral for the Group's borrowings (Note 52).

32 PREPAYMENTS

	Note	2024 RMB'000	2023 RMB'000
Prepayments for trading purposes			
– Prepayments for Relevant Trading Business	49	3,450,531	1,229,364
– Prepayments for an engineering, procurement and construction project (the "EPC project")	(a)	297,212	303,566
– Other prepayments		156,141	495,634
Value-added tax recoverable		2,900	6,107
Deposit paid for acquisition of land lease		–	5,890
Prepayments for acquisition of property, plant and equipment		41,659	41,659
Less: Loss allowance			
– Prepayments for Relevant Trading Business		(3,450,531)	–
– Other prepayments		(97,304)	(97,944)
		400,608	1,984,276
Represented:			
– Current portion		400,608	1,978,386
– Non-current portion		–	5,890
		400,608	1,984,276

32 PREPAYMENTS *(continued)*

The movements of impairment provision are as follows:

	Note	2024 RMB'000	2023 RMB'000
At 1 January		**97,944**	97,340
Provision for/(reversal of) impairment losses recognised during the year			
– Prepayments for Relevant Trading Business	49	**3,450,531**	–
– Other prepayments	10	**(311)**	2,323
Amounts written-off as uncollectible		**(329)**	(1,719)
At 31 December		**3,547,835**	97,944

Note:

(a) A subsidiary of China High Speed Transmissions Equipment Group Co., Ltd. ("CHS"), one of the major subsidiaries of the Company whose shares are listed on the SEHK, acted as the main contractor of an EPC project since prior years and subcontracted the project works to several subcontractors. The Group is in the process of investigating the costs incurred for and progress of the EPC project with several subcontractors. Accordingly, no relevant project revenue and costs were recognised in the consolidated statement of profit or loss and other comprehensive income during the years ended 31 December 2024.

33 PROPERTIES UNDER DEVELOPMENT

	Note	2024 RMB'000	2023 RMB'000
At 1 January		**536,311**	593,515
Write-down for decline in net realisable value	11	**(5,738)**	(57,204)
Disposal of a subsidiary	47	**(530,573)**	–
At 31 December		**–**	536,311

	2024 RMB'000	2023 RMB'000
Represented by:		
– Land use rights	**–**	163,642
– Construction costs and capitalised expenditure	**–**	372,669
	–	536,311

33 PROPERTIES UNDER DEVELOPMENT *(continued)*

According to the accounting policy of the Group, properties under development were classified as current assets unless the construction period of the relevant property development projects were expected to be completed beyond the normal operating cycle.

The carrying amount of properties under development of approximately RMB536,311,000 as at 31 December 2023 was expected not to be realised within the next twelve months from the end of the reporting period.

During the year ended 31 December 2024, provision for decline in net realisable value of properties under development amounted to RMB5,738,000 (2023: RMB57,204,000) was recognised and included in "Cost of sales and services provided" in profit or loss.

As at 31 December 2023, properties under development with carrying amount of RMB536,311,000 were pledged as collateral for the Group's borrowings and facilities (Note 52).

34 PROPERTIES HELD FOR SALE

The Group's properties held for sale were situated on leasehold lands in the PRC. During the year ended 31 December 2024, provision for decline in net realisable value of properties held for sale amounted to RMB339,000 (2023: RMB552,000) was recognised and included in "Cost of sales and services provided" in profit or loss, and these properties were derecognised upon the disposal of a subsidiary (Note 47).

As at 31 December 2023, properties held for sale with carrying amount of RMB49,339,000 were pledged as collateral for the Group's borrowings (Note 52).

35 RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

	2024 **RMB'000**	2023 RMB'000
Cash and bank balances	**6,788,106**	9,272,168
Less: Restricted cash		
– Pledged bank deposits	**(2,810,765)**	(3,562,398)
– Restricted bank deposits	**(12,193)**	(15,926)
	(2,822,958)	(3,578,324)
Cash and cash equivalents	**3,965,148**	5,693,844

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. Bank balances, pledged bank deposits and restricted bank deposits are deposited with creditworthy banks and other financial institutions with no recent history of default. As at 31 December 2024, certain bank accounts with balance of RMB10,526,000 (2023: RMB6,554,000) are frozen by the court order in the PRC due to the default in repayment of an earnest deposit received for a proposed acquisition of assets upon the proposed acquisition was cancelled.

36 TRADE AND BILLS PAYABLES

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

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

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

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

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

37 OTHER PAYABLES AND ACCRUALS

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

Notes to the Consolidated Financial Statements

37 OTHER PAYABLES AND ACCRUALS *(continued)*

Note:

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

(ii) On 17 January 2018, each of Five Seasons XVI Limited (a wholly-owned subsidiary of the Company) ("Five Seasons XVI") and Mr. Ji entered into a non-legally binding memorandum of understanding with an independent third party, Neoglory Prosperity Inc. (新光圓成股份有限公司), a PRC company listed on Shenzhen Stock Exchange ("SZSE") (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 CHS, and subsequently changing to a possible sale and purchase of Five Seasons XVI's direct shareholding interests in CHS that would represent more than 50% but not exceeding 73.91% of the issued capital of CHS ("Possible Sale and Purchase").

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

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

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

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

During the years ended 31 December 2023 and 2024, no repayment was made by the Group. Up to the date of these consolidation financial statements, the Group is still negotiating with the Potential Offeror for the subsequent settlement on the remaining outstanding Earnest Money according to the conditions as stated in the Settlement Agreement. Management considers that the repayments of the remaining outstanding Earnest Money could be fulfilled through internal funding or sale of certain non-major assets and will not have a significant impact to the Group's operations.

37 OTHER PAYABLES AND ACCRUALS *(continued)*

Note: (continued)

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

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

As at 31 December 2024, certain bank accounts with accumulated balances of RMB10,526,000 (2023: RMB6,554,000) and the legal title of certain of investment properties with carrying value of RMB2,405,125,000 (2023: RMB2,481,060,000) were frozen by the court order in the PRC.

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

Notes to the Consolidated Financial Statements

38 BANK AND OTHER BORROWINGS

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

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

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

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

38 BANK AND OTHER BORROWINGS *(continued)*

Bank and other borrowings are repayable as follows:

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

Notes:

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

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

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

(iii) The Group's assets as disclosed in Note 52.

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

In addition, bank and other borrowings of RMB663,247,000 (2023: RMB807,716,000) were guaranteed by Mr. Ji. Bank and other borrowings of nil (2023: RMB1,612,600,000) were guaranteed by Mr. Ji and a close family member of Mr. Ji.

(b) As at 31 December 2020, a loan from Huarong International Trust Co., Ltd. ("Huarong") with principal amounting to RMB500,000,000 (the "Principal") was past due. Two investment properties of the Group are pledged as security (the "Pledged Properties"). The rights in relation to the loan were subsequently transferred to China CITIC Financial Asset Management Co., Ltd. ("CITIC") (formerly known as China Huarong Asset Management Co., Ltd.) by Huarong. The Pledged Properties were put up for auction by the lender during the year ended 31 December 2021. However, such auction met with no response.

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

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

During the year ended 31 December 2023, the lender reinitiated the legal action and obtained the enforcement order from the court to mandate the Group to fulfil the repayment obligation, bear the default interest and penalty on past late payment (Note 11) in accordance with the relevant agreement.

During the year ended 31 December 2024, a default interest of RMB134,002,000 (2023: RMB115,970,000) was recognised in profit or loss. In September 2024, the loan and the Pledged Properties were derecognised upon disposal of a subsidiary. Details of the disposal are set out in Note 47.

38 BANK AND OTHER BORROWINGS *(continued)*

Notes: (continued)

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

On 26 April 2023, the Lessor initiated a legal proceeding to freeze Secured Shares. On 25 May 2023, the Group entered into a renewed settlement agreement with the Lessor to extend the repayment of the outstanding principal of approximately RMB215,583,000. During the year ended 31 December 2023, the Group repaid RMB17,500,000 over the principal and defaulted in repayment of the remaining balance.

In September 2024, the loan, the pledged investment property and certain Secured Shares were derecognised upon disposal of a subsidiary. Details of the disposal are set out in Note 47. As at 31 December 2024, the pledge of the Group's remaining Secured Shares had not been released.

(d) During the year ended 31 December 2024, certain of the borrowings (including the aforesaid loans set out in Note (b) and (c)) with principal amounting to RMB1,048,153,000 (2023: RMB2,206,636,000) were overdue and defaulted, and overdue interest expense of RMB177,001,000 (2023: RMB140,827,000) was recognised in other payables and accruals. The Group is actively liaising with the lenders to extend the repayment period and has not received any request from any lender of the borrowings for accelerated repayment up to the date of these consolidated financial statements. Management considers that these borrowings could be repaid through internal fundings and will not have a significant impact to the Group's operations.

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

39 WARRANTY PROVISION

	2024 **RMB'000**	2023 RMB'000
At 1 January	**2,268,949**	2,103,124
Additional provisions recognised during the year	**500,010**	619,967
Amounts utilised during the year	**(600,146)**	(454,142)
At 31 December	**2,168,813**	2,268,949
Represented:		
– Current portion	**908,794**	1,144,479
– Non-current portion	**1,260,019**	1,124,470
	2,168,813	2,268,949

At the end of the reporting period, the amount represents the directors' best estimate of the expected cost that will be required under the Group's obligations for warranties under sale of goods. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

Notes to the Consolidated Financial Statements

40 DEFERRED TAX

For presentation purposes, certain deferred tax assets/(liabilities) have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purpose:

	2024 **RMB'000**	2023 RMB'000
Deferred tax assets	**666,344**	1,325,068
Deferred tax liabilities	**(877,690)**	(1,175,460)
	(211,346)	149,608

(i) Details of the deferred tax assets recognised in the consolidated statement of financial position and movements during the years are as follows:

	Tax losses RMB'000	Changes in fair value of financial assets at FVOCI RMB'000	Write-down of inventories RMB'000	Impairment of receivables RMB'000	Temporary difference between accounting basis and tax basis of lease liabilities RMB'000	Other payables and accrued expenses RMB'000	LAT RMB'000	Unwinding discount on put option upon partial disposal of a subsidiary RMB'000	Unrealised profits on intra-group transactions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	52,267	155,789	45,429	206,647	–	374,340	44,842	53,544	57,164	75,795	1,065,817
Credited/(charged) to profit or loss	13,833	–	(11,162)	74,749	–	31,677	784	64,500	9,550	(19,122)	164,809
Credited/(charged) to other comprehensive income	–	94,442	–	–	–	–	–	–	–	–	94,442
At 31 December 2023 and 1 January 2024	**66,100**	**250,231**	**34,267**	**281,396**	**–**	**406,017**	**45,626**	**118,044**	**66,714**	**56,673**	**1,325,068**
(Charged)/credited to profit or loss	**(16,880)**	**–**	**27,516**	**(142,046)**	**42,812**	**19,368**	**293**	**64,500**	**(35,915)**	**(278)**	**(40,630)**
(Charged)/credited to other comprehensive income	**–**	**(205,796)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(205,796)**
Disposal of a subsidiary *(Note 47)*	**–**	**(41,049)**	**–**	**(102,926)**	**–**	**(39,860)**	**(45,919)**	**–**	**–**	**–**	**(229,754)**
Release of written put option liability	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(182,544)**	**–**	**–**	**(182,544)**
At 31 December 2024	**49,220**	**3,386**	**61,783**	**36,424**	**42,812**	**385,525**	**–**	**–**	**30,799**	**56,395**	**666,344**

The Group has tax losses of RMB1,322,439,000 (2023: RMB1,525,411,000) arising from the PRC that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the losses of RMB1,125,559,000 (2023: RMB1,261,012,000) as it is not probable that taxable profits will be available against which the tax losses can be utilised.

40 DEFERRED TAX *(continued)*

(ii) Details of the deferred tax liabilities recognised in the consolidated statement of financial position and movements during the years are as follows:

	Changes in fair value of identified assets upon acquisition of subsidiaries RMB'000	Temporary difference between accounting basis and tax basis of investment properties RMB'000	Changes in fair value of financial assets at FVPL RMB'000	Temporary difference between accounting basis and tax basis of right-of-use assets RMB'000	Withholding tax RMB'000	Others RMB'000	Total RMB'000
At 1 January 2023	241,024	802,955	13,036	–	93,477	33,673	1,184,165
(Credited)/charged to profit or loss	(25,805)	3,498	4,814	–	–	8,788	(8,705)
At 31 December 2023 and 1 January 2024	**215,219**	**806,453**	**17,850**	**–**	**93,477**	**42,461**	**1,175,460**
(Credited)/charged to profit or loss	**(24,350)**	**(87,849)**	**2,975**	**42,970**	**–**	**4,105**	**(62,149)**
Disposal of a subsidiary *(Note 47)*	**–**	**(237,019)**	**–**	**–**	**–**	**1,397**	**(235,622)**
Exchange differences	**–**	**–**	**–**	**–**	**–**	**1**	**1**
At 31 December 2024	**190,869**	**481,585**	**20,825**	**42,970**	**93,477**	**47,964**	**877,690**

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the application rates are 5% and 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008 onwards.

As at 31 December 2024, the Group has not recognised the deferred tax for withholding taxes that would be payable on the unremitted retained earnings of RMB4,508,729,000 (2023: RMB9,761,245,000) arising from the Group's subsidiaries established in the PRC as, in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

41 WRITTEN PUT OPTION LIABILITY

On 30 March 2021, Nanjing Gear Enterprise Management Co., Ltd.（南京高齒企業管理有限公司）("Nanjing Gear Management"), an indirectly wholly-owned subsidiary of CHS, and Nanjing High Speed entered into an equity transfer agreement (the "Equity Transfer Agreement") with Shanghai Wensheng Asset Management Co., Ltd., an independent third party, to dispose 43% of the equity interests of Nanjing High Speed at a consideration of RMB4,300,000,000 (the "Disposal"). The Disposal has been completed on 4 March 2022.

As part of the Equity Transfer Agreement, Nanjing Gear Management grants a put option to the transferee, at which the transferee could request Nanjing Gear Management to repurchase all of the equity interest of Nanjing High Speed acquired by the transferee during the 3 years from the completion date of the Disposal under certain conditions, at the transferee's discretion, at an exercise price of RMB4,300,000,000 plus 6% interest per annum.

41 WRITTEN PUT OPTION LIABILITY *(continued)*

The fair value of the written put option liability at grant date is measured at the present value of the exercise price of RMB4,300,000,000 plus 6% interest per annum, by applying a discount rate of 6%, and on the assumption that the put option will be redeemable in 3 years.

During the year ended 31 December 2024, since the specified events which would trigger the exercise of the put option by the transferee did not occur, the put option was lapsed, and the written option liability was released to the other reserve (Note 44).

The movement of written put option liability during the year is as follows:

	RMB'000
At 1 January 2023	4,514,175
Unwinding of discount *(Note 12)*	258,000
At 31 December 2023 and 1 January 2024	4,772,175
Unwinding of discount *(Note 12)*	258,000
Release of written put option liability	(5,030,175)
At 31 December 2024	–

42 SHARE CAPITAL

	Note	Number of shares	RMB'000
Ordinary shares of HK$0.5 (HK$0.01 before Share Consolidation) each			
Authorised:			
At 1 January 2023		40,000,000,000	314,492
Share Consolidation	17	(39,200,000,000)	–
Increase in authorised shares		800,000,000	361,476
At 31 December 2023, 1 January 2024 and 31 December 2024		1,600,000,000	675,968

	Note	Number of shares	RMB'000
Issued and fully paid:			
At 1 January 2023		26,532,196,731	219,904
Subscription of new shares	(i)	5,306,000,000	49,596
Share Consolidation	17	(31,201,432,797)	–
At 31 December 2023, 1 January 2024 and 31 December 2024		636,763,934	269,500

Note:

(i) On 28 July 2023, the Company entered into three subscription agreements with certain subscribers, in respect of the subscription for a total of 5,306,000,000 ordinary shares of HK$0.01 each at the subscription price of HK$0.03515 per share. The subscription was completed on 19 October 2023 and proceeds of approximately HK$186,500,000 (equivalent to approximately RMB173,386,000), net of direct costs was raised.

43 SHARE OPTIONS AND RESTRICTED SHARE AWARD SCHEMES

(i) Share options scheme

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 17 August 2018, the share option scheme was adopted by the Company. During the year ended 31 December 2023, the share options scheme was expired.

(ii) Share award scheme

On 7 July 2018, the Group adopted a share award scheme to promote the implementation of enterprise culture of co-creation and procure the core employees of the Group to focus on long-term operation performance, as well as to attract, retain and impel core talents. During the year ended 31 December 2023, the share award scheme was expired.

44 RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

(i) Equity reserve

Equity reserve represented (a) the difference between the paid-in capital of Nanjing Fullshare Asset Management Limited (南京豐盛資產管理有限公司) ("Nanjing Fullshare Asset Management") and the carrying amount of ordinary share capital of the Company immediately before the completion of the reverse takeover transaction during the year ended 31 December 2013 and (b) the difference between deemed consideration given by Nanjing Fullshare Asset Management and the nominal value of ordinary shares of the Company issued in respect of the reverse takeover transaction.

(ii) Statutory surplus reserve

In accordance with the PRC Company Law and the PRC subsidiaries' Articles of Association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its annual statutory net profit as determined in accordance with relevant statutory rules and regulations applicable to enterprises established in the PRC (after offsetting any prior years' losses) to the statutory reserve. When the balance of such reserve fund reaches 50% of the entity's capital, any further appropriation is optional. The statutory reserve can be utilised to offset prior years' losses or to increase capital. However, such balance of the statutory reserve must be maintained at a minimum of 25% of the capital after such usages.

(iii) Merger reserve

The merger reserve of the Group arose as a result of the acquisitions of subsidiaries under common control and represented the difference between the consideration paid for the acquisitions and the carrying amount of the net assets of the subsidiaries at the date when the Group and the acquired subsidiaries became under common control.

44 RESERVES *(continued)*

(iv) Other reserve

Other reserve represents (a) the gains/(losses) arising from transactions with non-controlling interests, (b) the difference between the fair value of consideration paid for the acquisition of subsidiaries from the equity shareholders of the Company and the fair value of the assets acquired at the date of acquisition, (c) the amount due to the controlling shareholder waived by Mr. Ji and capitalised as capital contribution, (d) the difference between the fair value of capital contribution received from the non-controlling interests and the proportionate of the carrying amount of the net assets of the respective subsidiary attributable to the equity shareholders of the Company being deemed disposed of, (e) the fair value of the share-based payments, (f) loss from disposal of award shares upon expiration of share award scheme and (g) the initial recognition and subsequent derecognition of written put option liability.

(v) Employee share trust reserve

Employee share trust reserve arose as a result of purchasing of Company's shares for share award scheme or granting the shares to relevant grantees of the Group.

45 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	CHS	
	2024	2023
	RMB'000	RMB'000
Percentage of equity interest held by non-controlling interests	**28.37%**	27.38%
Accumulated balances of non-controlling interests at the end of the reporting period	**6,716,425**	6,600,658
Total comprehensive (loss)/income for the year allocated to non-controlling interests	**(1,303,682)**	445,629

45 SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS *(continued)*

The following table illustrates the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	CHS	
	2024	2023
	RMB'000	RMB'000
Revenue	**22,075,470**	24,077,148
Total expenses, other income, gains and losses	**(27,921,391)**	(23,442,880)
Income tax expenses	**(155,046)**	(89,112)
(Loss)/profit for the year	**(6,000,967)**	545,156
Total comprehensive (loss)/income for the year	**(6,163,231)**	247,574
Net cash flows (used in)/generated from operating activities	**(143,377)**	352,043
Net cash flows used in investing activities	**(1,105,829)**	(303,350)
Net cash flows (used in)/generated from financing activities	**(516,834)**	1,177,766
Net (decrease)/increase in cash and cash equivalents	**(1,766,040)**	1,226,459

	2024	2023
	RMB'000	RMB'000
Current assets	**24,186,756**	29,156,860
Non-current assets	**15,695,358**	14,809,040
Current liabilities	**(18,152,973)**	(21,603,663)
Non-current liabilities	**(7,171,152)**	(6,381,868)

46 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(i) Cash generated from operations

	Note	2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Loss before tax		**(7,138,421)**	(444,860)
Adjustments for:			
Finance costs	12	**997,693**	1,135,141
Share of results of joint ventures	23	**32,393**	(9,967)
Share of results of associates	24	**34,798**	6,717
Interest income		**(134,601)**	(160,321)
(Gains)/losses on disposal of property, plant and equipment	10	**(9,727)**	578
Loss/(gain) on disposal of subsidiaries	10	**9,976**	(2,449)
Gains on disposal/partial disposal of associates	10	**(7,404)**	(7,835)
Dividend income	9	**(3,712)**	(15,105)
Net fair value changes in financial instruments	8	**62,000**	67,122
Fair value losses in investment properties	10	**444,344**	71,475
Depreciation of property, plant and equipment	11	**830,956**	626,330
Depreciation of right-of-use assets	11	**46,602**	33,665
Net provision for impairment losses recognised on financial assets	3(iv)	**569,840**	684,970
Impairment losses on property, plant and equipment	10	**228,184**	4,931
(Reversal of)/provision for impairment losses on prepayments (excluding Relevant Trading Business)	10	**(311)**	2,323
Impairment losses on trade receivables and prepayments in relation to trading business included in new energy segment	49	**6,628,646**	-
Write-down of properties under development	11	**5,738**	57,204
Write-down of properties held for sale	11	**339**	552
Write-down of inventories	11	**77,371**	62,598
Amortisation of other intangible assets	11	**70,307**	70,420
Impairment losses on other intangible assets	10	**9,680**	–
Amortisation of deferred income		**(69,671)**	(39,500)
Waiver of interest on loan receivables	10	**–**	38,866
Penalty on past late payment of a borrowing	11	**–**	100,000
Unrealised exchange gains, net		**(168,462)**	(123,481)
Operating cash inflows before movement in working capital		**2,516,558**	2,159,374

46 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(i) Cash generated from operations *(continued)*

	2023 RMB'000	2022 RMB'000
Decrease in properties held for sale	2,497	3,893
Decrease in inventories	415,083	321,606
Decrease in restricted bank deposits	3,733	11,355
(Increase)/decrease in trade and bills receivables, other receivables and prepayments	(4,742,713)	621,294
Increase/(decrease) in trade and bills payables, other payables and accruals, contract liabilities and deferred income	1,975,488	(2,141,804)
(Decrease)/increase in provision for product warranties	(100,136)	165,825
Cash generated from operations	70,510	1,141,543

(ii) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000	Bank and other borrowings RMB'000	Total RMB'000
At 1 January 2024	15,980	14,480,214	14,496,194
New leases	188,029	–	188,029
Interest expense	2,252	742,482	744,734
New bank and other borrowings raised	–	6,992,027	6,992,027
Repayments of bank and borrowings	–	(7,185,429)	(7,185,429)
Capital element of lease rental paid	(20,212)	–	(20,212)
Interest element of lease rental paid	(2,252)	–	(2,252)
Other changes *(Note)*	–	(400,000)	(400,000)
Foreign exchange movements	(228)	(14,561)	(14,789)
Changes from operating cash flows	–	(126,610)	(126,610)
Interest paid	–	(600,419)	(600,419)
Disposal of a subsidiary	–	(2,125,869)	(2,125,869)
At 31 December 2024	183,569	11,761,835	11,945,404

Note:

During the year ended 31 December 2024, a loan from other financial institution of RMB400,000,000 was settled through the debt arrangement.

46 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(ii) Changes in liabilities arising from financing activities

	Lease liabilities RMB'000	Bank and other borrowings RMB'000	Total RMB'000
At 1 January 2023	22,255	12,920,062	12,942,317
Interest expense	904	880,214	881,118
New bank and other borrowings raised	–	8,185,847	8,185,847
Repayments of bank and borrowings	–	(6,645,444)	(6,645,444)
Capital element of lease rental paid	(6,849)	–	(6,849)
Interest element of lease rental paid	(904)	–	(904)
Foreign exchange movements	574	4,772	5,346
Interest paid	–	(865,237)	(865,237)
At 31 December 2023	15,980	14,480,214	14,496,194

47 DISPOSAL OF A SUBSIDIARY

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

47 DISPOSAL OF A SUBSIDIARY *(continued)*

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

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

Note:

(a) In view of the negative impact brought by the economic downturn and challenging business environment of the real estate sector in the PRC, the management considered that the operating income generated from a hotel in the PRC (the "Hotel") may not meet the expectation at the initial investment plan and/or its fair value less cost of disposal may be drastically decreased, which indicated there may be an impairment. Accordingly, the Group performed an impairment assessment on the Hotel. Based on the result of the assessment, the recoverable amount of the Hotel assessed based on the value-in-use method using a discount rate of 8.6% was lower than its carrying value, and therefore, an impairment loss for the Hotel of RMB270,751,000 (2023: nil) was recognised and included in "Other losses – net" during the year ended 31 December 2024.

(b) The investment properties were revalued based on valuations performed by an independent professional qualified valuer. The valuations were either based on Discounted cash flow method or Market approach, whichever is appropriate, and an aggregate fair value loss of RMB351,668,000 for the investment properties of Fullshare Dazu was recognised and included in "Other losses – net" during the year ended 31 December 2024.

47 DISPOSAL OF A SUBSIDIARY *(continued)*

	RMB'000
Consideration:	
– Cash consideration	13,000
– Set-off against the intra-group payables to Fengsheng KL and its subsidiaries	816,016
– Consideration receivables	120,984
	950,000

An analysis of the net cash flow in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration received	13,000
Cash and cash equivalents disposed of	(4,073)
Net cash inflow in respect of disposal of a subsidiary	8,927

48 TRANSACTIONS WITH NON-CONTROLLING INTERESTS

(i) Acquisition of non-controlling interests in subsidiaries

During the year ended 31 December 2024, the Group acquired 30% equity interests of Jiangsu Green Lighting Engineering Co., Ltd. ("Green Lighting") at a consideration of RMB4,700,000.

During the year ended 31 December 2024, the Group acquired 30% equity interests of Diligent Apex Limited ("Diligent Apex") at a consideration of HKD930,000 (equivalent to RMB856,000).

During the year ended 31 December 2024, the Group acquired 31.42% equity interests of Five Seasons X (A) Limited ("Five Seasons X(A)") at a consideration of HKD314,000 (equivalent to RMB290,000).

The effect on the equity attributable to the equity shareholders of the Company during the year is summarised as follows:

	Green Lighting RMB'000	Diligent Apex RMB'000	Five Seasons X(A) RMB'000	Total RMB'000
Consideration:				
Consideration paid	–	(856)	(290)	(1,146)
Consideration payable	(4,700)	–	–	(4,700)
	(4,700)	(856)	(290)	(5,846)
Less: Increase in non-controlling interests	(760)	–	(73)	(833)
Decrease in equity attributable to equity shareholders of the Company	(5,460)	(856)	(363)	(6,679)

As at 31 December 2024, the Group held 100% equity interests in Green Lighting, Diligent Apex and Five Seasons X(A).

48 TRANSACTIONS WITH NON-CONTROLLING INTERESTS *(continued)*

(ii) Partial disposal of interest in a subsidiary without loss of control

During the year ended 31 December 2024, the Group disposed of 0.99% equity interests of CHS for HK$23,175,000 (equivalent to RMB21,087,000). The effect on the equity attributable to the equity shareholders of the Company during the year is summarised as follows:

	RMB'000
Consideration received	21,087
Less: Increase in non-controlling interests	(145,143)
Decrease in equity attributable to equity shareholders of the Company	(124,056)

As at 31 December 2024, the Group held 71.63% equity interest in CHS.

49 IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND PREPAYMENTS IN RELATION TO TRADING BUSINESS INCLUDED IN NEW ENERGY SEGMENT

Three subsidiaries of CHS (the "Relevant Subsidiaries") carried out transactions in trading business included in new energy segment (see Notes 6 and 7) mainly with 13 customers (the "Customers") and 3 suppliers (the "Suppliers"). The Group's trade receivables of RMB3,188,981,000 and prepayments of RMB3,450,531,000 relating to this trading business recorded in the consolidated financial statements as of 31 December 2023 and 2024 was set out in Notes 31 and 32 respectively.

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

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

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

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

49 IMPAIRMENT LOSSES ON TRADE RECEIVABLES AND PREPAYMENTS IN RELATION TO TRADING BUSINESS INCLUDED IN NEW ENERGY SEGMENT *(continued)*

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

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

In view of these circumstances, management of CHS considered that the recoverability over the outstanding trade receivables and prepayments of RMB6,639,512,000 in total are in doubt. For the sake of prudence, these trade receivables and prepayments were fully impaired as at 31 December 2024. Accordingly, an impairment loss of RMB6,628,646,000 has been recognised in the line item "Impairment losses on trade receivables and prepayments in relation to trading business included in new energy segment" in the Group's consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024.

50 CONTINGENT LIABILITIES

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

(i) As at 31 December 2024, the Group provided financial guarantees to three associates (2023: one associate) and one independent third party (2023: three independent third parties) in favour of bank loans of RMB1,535,593,000 (2023: RMB24,022,000) and RMB579,000,000 (2023: RMB1,139,800,000), respectively. These amounts represented the balances that the Group could be required to be paid if the guarantees were called upon in its entirety.

As at 31 December 2024, RMB1,928,000 (2023: RMB2,672,000) has been recognised in the consolidated financial statements as liabilities for the financial guarantees.

Apart from this, as at 31 December 2023, the legal title of certain investment properties provided as a financial guarantee to an entity (the "Warrantee") with carrying value of RMB139,179,000 were frozen by the PRC's court order. In view that the Group has a borrowing owed to the Warrantee which exceeded the carrying value of investment properties under guarantee contract, and the right of the Group to set off the borrowing with the Warrantee by the value of the investment properties in case of confiscation pursuant to the agreement with the Warrantee, the management of the Group, after seeking legal advice, considered that the protection of the Group's interests was sufficient. Accordingly, no provision for the obligation due to this financial guarantee has been made as at 31 December 2023. During the year ended 31 December 2024, those investment properties under guarantee contract and the borrowing with the Warrantee were derecognised upon disposal of a subsidiary.

50 CONTINGENT LIABILITIES *(continued)*

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

On the same day, in order to facilitate the conclusion of the sales, the Company entered into a deed of guarantee with the Purchaser, pursuant to which, the Company agreed to guarantee to the Purchaser the due and punctual performance and observance by the Vendor of the Vendor's obligations under the sale and purchase agreement, subject to a maximum liability of up to approximately SGD169,822,000 (equivalent to approximately RMB909,607,000 (2023: SGD169,822,000 (equivalent to approximately RMB911,090,000) (the "Guarantee money") as at 31 December 2024. The Guarantee money is used to compensate the Purchaser for any adverse effect of the legal cases. These Guaranteed money would be reimbursed by the former owner.

In the opinion of the directors, based on the claim history from the Purchaser to the Group and the reimbursement history from the former owner to the Group, the possibility of default or inability of discharging the relevant obligations by the Group is remote. Accordingly, no provision in relation to the guarantee has been made as at 31 December 2024 and 2023.

(iii) The Group has provided guarantees in favour of China Great Wall Assets Management Company Tianjin Office ("Great Wall Assets") and CITIC (the "Existing Guarantees"), and a subsidiary of the Company has charged certain investment properties in favour of Great Wall Assets, each as security for certain debts (the "Debts") owed by the Fullshare Dazu and its subsidiary ("Fullshare Dazu Group") to the said financial institutions in an aggregate principal sum of approximately RMB973,042,000 as at 31 December 2024 with interest rates ranged from 7.8% to 24% (the "Guaranteed Obligations").

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

As at 31 December 2024, the total amount due from Fullshare Dazu Group to Great Wall Asset and CITIC was approximately RMB1,527,565,000. Having considered that (i) the purchaser has executed the equity interest pledge agreement and a counter-guarantee agreement to mitigate the credit risk of the Company under the Existing Guarantees as mentioned above; (ii) the value of charged assets of Fullshare Dazu Group are expected to be sufficient to cover the repayment risk of the Debts; and (iii) the strong net asset position of Fullshare Dazu indicating its ability to repay the Debts, in the opinion of the directors, the possibility of default or inability of discharging the relevant obligations by the Group is remote. Accordingly, no provision in relation to the guarantee has been made as at 31 December 2024.

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

51 COMMITMENTS

(i) Operating lease arrangement – the Group as lessor

The Group leases its own and leased 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 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:

	2024	2023
	RMB'000	RMB'000
Within 1 year	**155,949**	153,768
After 1 year but within 2 years	**114,062**	142,149
After 2 years but within 3 years	**76,663**	103,409
After 3 years but within 4 years	**53,384**	75,330
After 4 years but within 5 years	**29,360**	55,115
After 5 years	**123,447**	458,132
	552,865	987,903

(ii) Capital commitments

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

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

52 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, an associate and independent third parties as follows:

		2024	2023
	Note	**RMB'000**	RMB'000
Property, plant and equipment	18	**3,828,475**	3,948,536
Investment properties	19	**2,773,560**	4,502,440
Investment in an associate	24	**152,107**	–
Right-of-use assets	20(a)	**497,957**	342,352
Trade receivables	31	**–**	398,794
Financial assets at FVOCI	27(ii), (iii)	**321,759**	549,354
Properties under development	33	**–**	536,311
Properties held for sale	34	**–**	49,339
Pledged bank deposits	35	**2,810,765**	3,562,398
		10,384,623	13,889,524

53 PRINCIPAL SUBSIDIARIES

Particulars of the Group's principal subsidiaries as at 31 December 2023 and 2024 are as follows:

Name	Place of incorporation/ operation and kind of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
CHS	Cayman Islands/the PRC, limited liability company	US$16,352,916	–	71.63 (2023: 72.62)	Manufacture and sale of gear products and trading of goods
Nanjing High Speed#	The PRC, domestic limited liability company	RMB2,150,000,000	-	50.02 (2023: 50.02)	Manufacture and sale of gear box and fittings
Fullshare Dazu （南京豐盛大族科技股份有限公司）	The PRC, wholly-foreign owned enterprise	RMB3,000,000,000	–	N/A (2023: 100)	Real estate development and investments
Nanjing Deying Property Limited （南京德盈置業有限公司） ("Nanjing Deying")	The PRC, wholly-foreign owned enterprise	RMB465,200,980	–	100 (2023: 100)	Property investment
Five Seasons VI Pty Limited	Australia, limited liability company	AUD100	–	100 (2023: 100)	Tourism

\# In September 2024, Nanjing High Speed effected an amendment (the "**Articles Amendment**") of its articles (the "**NHS Articles**"). As a result of the Articles Amendment, the new NHS Articles states that the board of directors of Nanjing High Speed shall consist of nine directors, among which four directors shall be nominated by Nanjing Gear Management, while the remaining five directors shall be nominated by the other minority shareholders of Nanjing High Speed (among which Jinhu Shifu Enterprise Management LLP* （金湖釃福企業管理合夥企業（有限合夥））("**Jinhu LP**", a 6.98%-shareholder of Nanjing High Speed shall have the right to nominate two directors). Upon the effective of the Articles Amendments, Nanjing High Speed entered into an acting in concert agreement with Jinhu LP, pursuant to which Jinhu LP irrevocably and unconditionally undertook to Nanjing High Speed that Jinhu LP would act in concert with Nanjing Gear Management with respect to Nanjing High Speed, whereby Jinhu LP would vote in the same manner as Nanjing Gear Management in the meetings of board of directors of Nanjing High Speed. On this basis, Nanjing High Speed continues to be a subsidiary of the Group.

The directors of the Company understand that the acting in concert agreement contains provisions under which Jinhu LP will be released from its obligations to act in concert with Nanjing Gear Management. If events take place as a result of which Jinhu LP ceases, or refuses, to act in concert with Nanjing Gear Management, Nanjing High Speed will cease to be a subsidiary of the Company.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

54 RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group also had the following significant transactions with related parties during the year:

(i) Transactions with related parties

	Note	2024 RMB'000	2023 RMB'000
Associates:			
– Interest income	(a)	**6,138**	6,034
– Rental paid	(b)	**12,664**	–
– Interest expense on lease liabilities	(b)	**1,776**	–
Joint ventures:			
– Interest expense	(c)	**15,454**	15,209
The Group's shareholder:			
– Loans received	(d)	**700**	228,447
– Repayment of loans	(d)	**442,822**	62,418
The subsidiaries of the Group's substantial shareholder:			
– Management service income	(e)	**334**	488
The Group's substantial shareholder:			
– Guarantees provided	(f)	**7,519**	7,253

Note:

(a) The interest income is derived from a loan to Sparrow. During the year ended 31 December 2024, interest income of approximately RMB6,138,000 (2023: RMB6,034,000) was recognised and the Group received outstanding interests of RMB6,091,000 (2023: RMB6,017,000).

(b) During the year ended 31 December 2023 and 2024, the Group entered into several lease agreements with Fullshare Dazu. Upon the disposal of Fengsheng KL, Fullshare Dazu became an associate of the Group, and the Group recognised right-of-use assets and lease liabilities amounting to RMB184,044,000. During the period from the disposal date to 31 December 2024, the Group paid rent of RMB12,664,000 and interest expense on lease liabilities of RMB1,776,000 was recognised in profit or loss.

(c) On 13 March 2017, the Group entered into an agreement with FVF I L.P. to borrow US$53,739,000 (equivalent to RMB370,558,000) at an interest rate of 8% per annum. During the year ended 31 December 2024, interest expense of RMB15,454,000 (2023: RMB15,209,000) was recognised in profit or loss.

(d) The Group entered into several loan agreements with Magnolia, the single largest shareholder holding company of the Company. As at 31 December 2024, amounts due to Magnolia are interest-free and repayable on demand (2023: interest-free and repayable on demand). During the year ended 31 December 2024, the Group received loans of RMB700,000 (2023: RMB228,447,000) and repaid loans of RMB442,822,000 (2023: RMB62,418,000) to Magnolia.

54 RELATED PARTY TRANSACTIONS *(continued)*

(i) Transactions with related parties *(continued)*

Note: (continued)

(e) The management service income is derived from the transactions which are carried out on terms agreed by the Group and the counterparty, which is ultimately controlled by Mr. Ji.

(f) During the year ended 31 December 2024, a guarantee of HK$8,000,000 (equivalent to RMB7,519,000) (2023: HK$8,000,000 (equivalent to RMB7,253,000)) at maximum was provided by Mr. Ji to a subsidiary of the Group for securing its loan portfolio.

Except for the transactions with the Group's associates and joint ventures, all the other related party transactions are all connected transactions, some of which have been reported and announced under Chapter 14A of the Listing Rules, others are exempted from reporting, announcement and shareholder approval requirements under the Listing Rules.

(ii) Outstanding balances arising from transactions with related parties:

The Group's outstanding balances with its related parties as at the end of the reporting period are disclosed in loan receivables (Note 28(i)), other receivables (Note 28(iii)), trade receivables (Note 31), trade and bills payables (Note 36), other payables and accruals (Note 37) and bank and other borrowings (Note 38).

(iii) Outstanding counter-guarantee provided by the related parties to the Group:

(a) During the year ended 31 December 2018, the Group has provided guarantees to Nanjing Jiangong Industrial Group Co., Ltd.（南京建工產業集團有限公司）("Nanjing Jiangong Industrial") and Nanjing Jiangong Group Co. Ltd.（南京建工集團有限公司）("Nanjing Jiangong"), which were controlled by a close member of Mr. Ji's family, in favour of their bank loans of RMB440,000,000 and RMB710,000,000 respectively, by pledging a commercial property directly held by Nanjing Deying (a wholly-owned subsidiary of the Company) with gross floor areas of approximately 100,605 square meters with auxiliary facilities located at Yuhuatai District, Nanjing, Jiangsu Province, the PRC.

On 13 June 2018 and 20 September 2018, Mr. Ji, Nanjing Jiangong Industrial and Nanjing Jiangong executed two guarantee letters (collectively referred to as the "Guarantee Letters") in favour of the Group. Pursuant to the Guarantee Letters, Mr. Ji undertook that before the respective bank loans are fully repaid or the pledge is released, the balance of loans granted by him (and/or any companies controlled by him) to the Group (the "Granted Loans") shall be at least HK$550,000,000 (equivalent to RMB483,113,000) and HK$900,000,000 (equivalent to RMB761,293,000) respectively; Nanjing Jiangong Industrial and Nanjing Jiangong undertook that it would provide a loan to the Company with substantially the same commercial terms as the loan agreement or pledge assets with equivalent value to the Company.

On 6 July 2022, Nanjing Jiangong Industrial and Nanjing Jiangong were no longer related parties to the Group and became third parties to the Group. However, the guarantees provided to Nanjing Jiangong Industrial and Nanjing Jiangong and the Guarantee Letters remain valid as at 31 December 2023.

During the year ended 31 December 2024, the pledge in relation to the loan of Nanjing Jiangong Industrial was released and accordingly, the respective counter-guarantee with the Granted Loans shall be at least HK$550,000,000 (equivalent to RMB483,113,000) provided by Mr. Ji was lapsed.

As at 31 December 2023 and 2024, since the Granted Loans exceeded the outstanding amount of the respective bank loans, no provision for the obligations due to guarantee has been made.

54 RELATED PARTY TRANSACTIONS *(continued)*

(iii) Outstanding counter-guarantee provided by the related parties to the Group: *(continued)*

(b) Refer to Note 50(i) for the further details of the financial guarantees provided by the Group in relation to the loan agreements of related parties.

(iv) Compensations of key management personnel of the Group:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	12,044	14,215
Post-employment benefits	539	577
Total compensations paid to key management personnel	12,583	14,792

(v) The number of key management personnel whose remuneration fell within the following bands is as follows:

	Number of employees 2024	 2023
HK$1 to HK$500,000	1	1
HK$1,000,001 to HK$1,500,000	3	3
HK$1,500,001 to HK$2,000,000	1	1
HK$2,000,001 to HK$2,500,000	1	1
HK$2,500,001 to HK$3,000,000	2	3
	8	9

Further details of directors' and chief executives' emoluments are included in Note 13 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

55 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(i) Statement of financial position of the Company

	2024 RMB'000	2023 RMB'000
Non-current assets		
Investments in subsidiaries	1,297,351	1,297,351
Property, plant and equipment	180	2,071
Right-of-use assets	5,595	5,527
Financial assets at fair value through profit or loss	18,506	27,994
	1,321,632	1,332,943
Current assets		
Amounts due from subsidiaries	13,218,092	16,244,715
Loan receivables	–	24,158
Other receivables	2,590	2,025
Prepayments	2,035	1,191
Cash and cash equivalents	19,640	1,539
	13,242,357	16,273,628
Current liabilities		
Amounts due to subsidiaries	175,889	193,254
Other payables and accruals	288,921	244,539
Bank and other borrowings	331,903	322,633
Lease liabilities	3,169	5,356
Derivative financial instruments	34,254	33,228
	834,136	799,010
Net current assets	12,408,221	15,474,618
Total assets less current liabilities	13,729,853	16,807,561
Non-current liabilities		
Lease liabilities	2,743	1,870
Deferred tax liabilities	44,390	44,390
	47,133	46,260
Net assets	13,682,720	16,761,301
Equity		
Share capital	269,500	269,500
Reserves	13,413,220	16,491,801
Total equity	13,682,720	16,761,301

55 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

(ii) Reserve movements of the Company

	Equity reserve RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Employee share trust reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023	422,833	17,754,901	82,603	(35,258)	(808,973)	(1,350,131)	16,065,975
Profit and total comprehensive income for the year	–	–	–	–	–	301,841	301,841
New shares issued under share subscription	–	123,790	–	–	–	–	123,790
Disposal of award shares upon expiration of share award scheme	–	–	–	35,258	(35,063)	–	195
At 31 December 2023 and 1 January 2024	**422,833**	**17,878,691**	**82,603**	**–**	**(844,036)**	**(1,048,290)**	**16,491,801**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**–**	**–**	**(3,078,581)**	**(3,078,581)**
At 31 December 2024	**422,833**	**17,878,691**	**82,603**	**–**	**(844,036)**	**(4,126,871)**	**13,413,220**

Five Years Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and restated/reclassified as appropriate, is set out below.

Year ended 31 December	2020 RMB'000	2021 RMB'000 (Restated)	2022 RMB'000	2023 RMB'000	**2024** **RMB'000**
RESULTS					
Revenue	16,171,377	20,785,542	21,718,371	24,845,816	**23,147,916**
(Loss)/profit before tax	(297,432)	(2,095,358)	714,729	(444,860)	**(7,138,421)**
Income tax expense	(400,848)	(272,149)	(447,606)	(10,589)	**(186,929)**
(Loss)/profit for the year from continuing operations	(698,280)	(2,367,507)	267,123	(455,449)	**(7,325,350)**
Profit for the year from discontinued operation	–	31,749	141,573	–	**–**
(Loss)/profit for the year	(698,280)	(2,335,758)	408,696	(455,449)	**(7,325,350)**
Attributable to:					
Equity shareholders of the Company	(894,305)	(2,685,344)	(160,981)	(950,538)	**(6,013,900)**
Non-controlling interests	196,025	349,586	569,677	495,089	**(1,311,450)**
	(698,280)	(2,335,758)	408,696	(455,449)	**(7,325,350)**
ASSETS AND LIABILITIES					
Total assets	43,564,472	45,600,302	55,229,834	54,510,094	**45,048,057**
Total liabilities	(22,767,492)	(27,604,447)	(37,109,586)	(37,072,084)	**(30,444,482)**
Total equity	20,796,980	17,995,855	18,120,248	17,438,010	**14,603,575**
Attributable to:					
Equity shareholders of the Company	17,175,701	14,180,679	12,039,043	10,904,029	**7,902,840**
Non-controlling interests	3,621,279	3,815,176	6,081,205	6,533,981	**6,700,735**
	20,796,980	17,995,855	18,120,248	17,438,010	**14,603,575**

Note:

(1) The financial figures for the years ended 31 December 2023 and 2024 were extracted from the consolidated financial statements.

(2) The financial figures for the year ended 31 December 2020 was extracted from the 2020 annual report. No restatements for the result of continuing operations and discontinued operation were made on the financial figures for the year ended 31 December 2020 in respect of the disposal of a subsidiary which was classified as a discontinued operation during the year ended 31 December 2022. The financial figures for the year ended 31 December 2022 was extracted from the 2022 annual report.