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CHINA ORIENTAL GROUP COMPANY LIMITED
中國東方集團控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 581)

ANNOUNCEMENT OF 2020 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2020	2019	Changes
Sales volume (<i>tonnes</i>)			
— Self-manufactured steel products	8.18 million	8.93 million	(8.4%)
— Trading of steel products	0.25 million	0.09 million	177.8%
	8.43 million	9.02 million	(6.5%)
Revenue (RMB)			
— Sales of self-manufactured steel products	27.10 billion	30.28 billion	(10.5%)
— Sales of properties	0.05 billion	0.10 billion	(51.6%)
— Trading of iron ore and steel products and others	12.00 billion	12.63 billion	(5.0%)
	39.15 billion	43.01 billion	(9.0%)
Gross profit (RMB)			
— Sales of self-manufactured steel products	2,018 million	3,826 million	(47.3%)
— Sales of properties	21 million	19 million	10.5%
— Trading of iron ore and steel products and others	265 million	306 million	(13.4%)
	2,304 million	4,151 million	(44.5%)
Gross profit per tonne (RMB)			
— Sales of self-manufactured steel products	247	428	(42.3%)

* For identification purposes only

	Year ended 31 December		Changes
	2020	2019	
EBITDA ¹ (RMB)	3,078 million	5,331 million	(42.3%)
EBITDA margin	7.9%	12.4%	N/A
EBIT ² (RMB)	1,921 million	4,134 million	(53.5%)
EBIT margin	4.9%	9.6%	N/A
Profit before income tax (RMB)	1,911 million	4,065 million	(53.0%)
Profit for the year (RMB)	1,621 million	3,267 million	(50.4%)
Profit attributable to owners of the Company (RMB)	1,586 million	3,210 million	(50.6%)
Basic earnings per share (RMB)	0.43	0.86	(50.0%)
Final dividends per share (HK\$)	0.05	0.09	(44.4%)
Total dividends per share for the year ³ (HK\$)	0.12	0.24	(50.0%)
Return on equity ⁴	7.9%	17.4%	N/A
	As at 31 December		
	2020	2019	Changes
Total assets (RMB)	44.52 billion	35.41 billion	25.7%
Net assets value per share (exclude non-controlling interests) (RMB)	5.56	5.24	6.1%
Debt-to-capital ratio ⁵	48.4%	28.9%	N/A

¹ China Oriental Group Company Limited (the “Company”) defines EBITDA as profit for the year before finance costs — net, income tax expense, amortisation, depreciation and non-recurring items. During the year ended 31 December 2020, there were no adjustments of non-recurring items in the calculation (2019: nil).

² The Company defines EBIT as profit for the year before finance costs — net, income tax expense and non-recurring items. During the year ended 31 December 2020, there were no adjustments of non-recurring items in the calculation (2019: nil).

³ Total dividends per share for the year include interim dividend of HK\$0.05 and special dividend of HK\$0.02 (2019: interim dividend of HK\$0.10 and special dividend of HK\$0.05).

⁴ Return on equity is calculated as profit attributable to owners of the Company divided by the average of the beginning and ending balances of the equity attributable to owners of the Company for that year.

⁵ Debt-to-capital ratio is calculated as total debt divided by total capital. Total debt includes current and non-current borrowings, lease liabilities and loans from related parties. Total capital includes non-current borrowings, non-current lease liabilities and equity attributable to owners of the Company.

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	39,149,624	43,014,224
Cost of sales	4	(36,845,848)	(38,863,112)
Gross profit		2,303,776	4,151,112
Other income	5	134,950	187,139
Distribution costs	4	(93,172)	(82,321)
Administrative expenses	4	(678,986)	(647,678)
Reversal of/(provision for) impairment on financial assets, net	4	833	(5,231)
Other expenses	4	(33,602)	(27,484)
Losses from derivative financial instruments	6	(150,648)	(111,661)
Other gains — net	7	439,398	619,796
Operating profit		1,922,549	4,083,672
Finance income	8	163,800	73,748
Finance costs	8	(174,088)	(143,330)
Finance costs — net		(10,288)	(69,582)
Share of results of associates and a joint venture		(1,341)	50,704
Profit before income tax		1,910,920	4,064,794
Income tax expense	9	(289,993)	(797,869)
Profit for the year		1,620,927	3,266,925
Profit attributable to:			
Owners of the Company		1,586,173	3,210,309
Non-controlling interests		34,754	56,616
		1,620,927	3,266,925
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic earnings per share	10	RMB0.43	RMB0.86
— Diluted earnings per share	10	RMB0.43	RMB0.86

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	1,620,927	3,266,925
Other comprehensive income:		
<i>Item that may be reclassified subsequently to profit or loss</i>		
Fair value losses on debt investments at fair value through other comprehensive income	(10,909)	(6,960)
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Fair value gains on equity investments at fair value through other comprehensive income	147,943	14,516
<i>Item reclassified to profit or loss</i>		
Transfer of fair value gains previously credited to reserve to statement of profit or loss upon disposal of debt investments at fair value through other comprehensive income	(674)	–
	136,360	7,556
Total comprehensive income for the year	1,757,287	3,274,481
Attributable to:		
Owners of the Company	1,722,533	3,217,865
Non-controlling interests	34,754	56,616
	1,757,287	3,274,481

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2020	2019
		RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	11,552,420	9,586,054
Right-of-use assets	12	397,485	278,442
Investment properties	12	107,440	125,667
Intangible assets	12	2,843,640	1,039,546
Investment in associates and a joint venture		1,318,753	136,072
Financial assets at fair value through other comprehensive income		342,653	720,468
Financial assets at fair value through profit or loss	19	202,442	211,620
Prepayments, deposits and other receivables	13	1,251,532	1,812,460
Loan receivables	17	348,480	200,000
Deferred income tax assets		306,753	278,838
Total non-current assets		18,671,598	14,389,167
Current assets			
Properties under development and held for sale	14	350,369	116,639
Inventories	15	4,694,324	4,093,435
Trade receivables	16	753,391	1,201,005
Contract assets	3(c), 16	94,799	–
Prepayments, deposits and other receivables	13	3,188,077	1,616,370
Amounts due from related parties		277,528	127,544
Prepaid current income tax		55,381	36,864
Loan receivables	17	1,174,189	1,014,000
Notes receivable — bank acceptance notes	18	1,930,903	1,517,684
Derivative financial instruments		–	2,513
Financial assets at fair value through other comprehensive income		49,968	30,637
Financial assets at fair value through profit or loss	19	4,601,919	3,347,778
Restricted bank balances		3,675,291	1,082,560
Cash and cash equivalents		3,485,951	4,630,945
Structured bank deposits	20	1,520,000	2,200,100
Total current assets		25,852,090	21,018,074
Total assets		44,523,688	35,407,241
EQUITY			
Equity attributable to owners of the Company			
Share capital		380,628	380,628
Share premium		3,532,234	3,532,234
Other reserves		1,795,771	1,610,422
Retained earnings		14,972,570	13,978,397
		20,681,203	19,501,681
Non-controlling interests		534,105	321,814
Total equity		21,215,308	19,823,495

CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
		2020	2019
	Note	RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	21	2,876,948	1,318,699
Lease liabilities		76,900	90,661
Deferred revenue		60,150	162,265
Deferred income tax liabilities		45,136	32,147
Total non-current liabilities		3,059,134	1,603,772
Current liabilities			
Trade payables	22	7,081,366	5,048,774
Accruals and other current liabilities		2,560,149	2,394,627
Contract liabilities	3(c)	1,735,644	1,457,738
Amounts due to related parties		120,173	48,047
Current income tax liabilities		311,268	411,828
Lease liabilities		17,854	15,155
Derivative financial instruments		4,102	16,859
Borrowings	21	8,404,010	4,579,905
Dividends payable		14,680	7,041
Total current liabilities		20,249,246	13,979,974
Total liabilities		23,308,380	15,583,746
Total equity and liabilities		44,523,688	35,407,241

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

China Oriental Group Company Limited (the “**Company**”) was incorporated in Bermuda on 3 November 2003 as an exempted company with limited liability under the Companies Act 1981 of Bermuda as a result of a group reorganisation (“**Reorganisation**”).

The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 2 March 2004.

The Company together with its subsidiaries are hereinafter collectively referred to as the Group. The Group is principally engaged in the manufacture and sales of iron and steel products, trading of steel products and iron ore and real estate business. The Group has manufacturing plants in Hebei Province and Guangdong Province of the People’s Republic of China (the “**PRC**”) and sells mainly to customers located in the PRC. The Group also carries out property development business which is mainly in the PRC.

These consolidated financial statements are presented in thousands of units of RMB, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 31 March 2021.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020 and 1 June 2020:

- | | |
|--|---|
| • HKAS 1 and HKAS 8 (Amendments) | Definition of Material |
| • HKFRS 3 (Amendments) | Definition of a Business |
| • HKFRS 9, HKFRS 39 and HKFRS 7 (Amendments) | Interest Rate Benchmark Reform |
| • Revised Conceptual Framework | Revised Conceptual Framework for
Financial Reporting |
| • HKFRS 16 (Amendments) | COVID-19 — Related Rent Concessions |

The amendments listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted by the Group

A number of new standards and amendments to standards and interpretations that are relevant to the Group but not yet effective for the financial year beginning at 1 January 2020 and have not been early adopted by the Group are as follows:

		Effective for annual periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

The adoption of the amendments listed above would not have any significant financial impact on the Group. There are no other new or revised HKFRS not yet effective that are expected to have significant impact on the Group.

3. SALES AND SEGMENT INFORMATION

(a) Sales

The Group is principally engaged in the manufacture and sales of iron and steel products, trading of steel products and iron ore and real estate business. Sales recognised for the years ended 31 December 2020 and 2019 were as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Sales		
— H-section steel products	10,647,249	12,084,633
— Iron ore	10,013,542	10,986,474
— Billets	5,600,069	1,707,982
— Strips and strip products	4,117,099	8,069,055
— Rebar	3,184,364	4,539,062
— Sheet piling	3,018,556	2,863,994
— Cold rolled sheets and galvanised sheets	1,296,479	1,360,682
— Real estate	50,637	104,549
— Others	1,221,629	1,297,793
	39,149,624	43,014,224

(b) Segment information

The chief operating decision-maker has been identified as the management committee, which comprises all executive directors and top management. The chief operating decision-maker reviews the Group's internal reporting in order to assess performance and allocate resources.

Based on these reports, the chief operating decision-maker considers the business from a business perspective. From a business perspective, the chief operating decision-maker assesses the performance of the iron and steel and the real estate segments.

- (i) Iron and steel — Manufacture and sales of iron and steel products and trading of steel products and iron ore; and
- (ii) Real estate — Development and sales of properties.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of revenue and operating profit. This measurement is consistent with that in the annual financial statements.

The segment information provided to the chief operating decision-maker for the reportable segments for the year was as follows:

	Year ended 31 December 2020		
	Iron and steel	Real estate	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	<u>39,098,987</u>	<u>50,637</u>	<u>39,149,624</u>
Segment results:			
Operating profit	1,917,899	4,650	1,922,549
Finance income/(costs) — net	(55,832)	45,544	(10,288)
Share of results of associates and a joint venture	<u>(1,341)</u>	<u>—</u>	<u>(1,341)</u>
Profit before income tax			1,910,920
Income tax expense			<u>(289,993)</u>
Profit for the year			<u>1,620,927</u>
Other profit or loss items			
Depreciation and amortisation	<u>1,154,938</u>	<u>1,653</u>	<u>1,156,591</u>
Capital expenditure	<u>4,700,735</u>	<u>266</u>	<u>4,701,001</u>

	Year ended 31 December 2019		
	Iron and steel <i>RMB'000</i>	Real estate <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue	<u>42,909,675</u>	<u>104,549</u>	<u>43,014,224</u>
Segment results:			
Operating profit	4,066,976	16,696	4,083,672
Finance costs — net	(64,042)	(5,540)	(69,582)
Share of results of associates and a joint venture	<u>50,704</u>	<u>—</u>	<u>50,704</u>
Profit before income tax			4,064,794
Income tax expense			<u>(797,869)</u>
Profit for the year			<u><u>3,266,925</u></u>
Other profit or loss items			
Depreciation and amortisation	<u>1,195,399</u>	<u>1,492</u>	<u>1,196,891</u>
Capital expenditure	<u>4,293,022</u>	<u>452</u>	<u>4,293,474</u>

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets are determined after deducting related allowance that is reported as direct offsets in the balance sheet. Segment assets consist primarily of property, plant and equipment, right-of-use assets, investment properties, intangible assets, investment in associates and a joint venture, loan receivables, properties under development and held for sale, prepayments, deposits and other receivables, inventories, trade receivables, contract assets, amounts due from related parties, notes receivable, restricted bank balances and cash and cash equivalents.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities consist primarily of deferred revenue, amounts due to related parties, trade payables, contract liabilities, accruals and other current liabilities and lease liabilities.

The segment assets and liabilities as at 31 December 2020 were as follows:

	Iron and steel <i>RMB'000</i>	Real estate <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	<u>36,572,211</u>	<u>1,795,092</u>	<u>(922,731)</u>	<u>37,444,572</u>
Segment assets for reportable segments				37,444,572
Unallocated:				
Deferred income tax assets				306,753
Financial assets at fair value through other comprehensive income				392,621
Financial assets at fair value through profit or loss				4,804,361
Structured bank deposits				1,520,000
Prepaid current income tax				<u>55,381</u>
Total assets per balance sheet				<u><u>44,523,688</u></u>
Segment liabilities	<u>11,445,542</u>	<u>1,129,425</u>	<u>(922,731)</u>	<u>11,652,236</u>
Segment liabilities for reportable segments				11,652,236
Unallocated:				
Current income tax liabilities				311,268
Current borrowings				8,404,010
Non-current borrowings				2,876,948
Derivative financial instruments				4,102
Dividends payable				14,680
Deferred income tax liabilities				<u>45,136</u>
Total liabilities per balance sheet				<u><u>23,308,380</u></u>

The segment assets and liabilities as at 31 December 2019 were as follows:

	Iron and steel <i>RMB'000</i>	Real estate <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	<u>28,153,021</u>	<u>779,713</u>	<u>(354,311)</u>	<u>28,578,423</u>
Segment assets for reportable segments				28,578,423
Unallocated:				
Deferred income tax assets				278,838
Financial assets at fair value through other comprehensive income				751,105
Financial assets at fair value through profit or loss				3,559,398
Derivative financial instruments				2,513
Structured bank deposits				2,200,100
Prepaid current income tax				<u>36,864</u>
Total assets per balance sheet				<u><u>35,407,241</u></u>
Segment liabilities	<u>9,034,917</u>	<u>536,661</u>	<u>(354,311)</u>	<u>9,217,267</u>
Segment liabilities for reportable segments				9,217,267
Unallocated:				
Current income tax liabilities				411,828
Current borrowings				4,579,905
Non-current borrowings				1,318,699
Derivative financial instruments				16,859
Dividends payable				7,041
Deferred income tax liabilities				<u>32,147</u>
Total liabilities per balance sheet				<u><u>15,583,746</u></u>

(c) **Assets and liabilities related to contracts with customers**

The Group has recognised following assets and liabilities related to contracts with customers:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Iron and steel	<u>94,799</u>	–
Total contract assets	<u><u>94,799</u></u>	<u>–</u>
	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Iron and steel	<u>1,585,535</u>	1,432,776
Real estate	<u>150,109</u>	24,962
Total contract liabilities	<u><u>1,735,644</u></u>	<u>1,457,738</u>

The following table shows how much of the revenue recognised for the years ended 31 December 2020 and 2019 related to carried-forward contract liabilities:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Iron and steel	1,432,776	1,541,512
Real estate	24,962	88,432
	<u>1,457,738</u>	<u>1,629,944</u>
Total revenue	<u>1,457,738</u>	<u>1,629,944</u>

4. EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Employee benefit expense	1,075,033	1,118,634
Changes in inventories of finished goods and work in progress	134,909	(68,793)
Raw materials used and cost of goods sold for trading	33,632,174	35,362,477
Cost of properties sold	27,583	85,600
Utilities	1,288,848	1,526,999
Depreciation of property, plant and equipment (Note 12)	1,120,341	1,158,046
Amortisation of intangible assets (Note 12)	7,525	12,469
Depreciation of investment properties (Note 12)	7,750	8,608
Depreciation of right-of-use assets (Note 12)	20,975	17,768
(Reversal of)/provision for impairment of trade receivables	(3,784)	10,126
Provision for/(reversal of) impairment of prepayments, deposits and other receivables	2,956	(4,895)
Tax	128,697	134,432
Research and technical consulting fee	70,554	80,065
Rental fee	2,020	8,051
Auditors' remuneration		
— Audit services	4,549	4,550
— Non-audit services	623	570
Export fee	855	4,188
Others	129,167	166,931
	<u>37,650,775</u>	<u>39,625,826</u>
Total	<u>37,650,775</u>	<u>39,625,826</u>

5. OTHER INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest income from loan receivables	112,287	89,094
Dividend income from financial assets at fair value through other comprehensive income	11,865	82,092
Rental income from investment properties	6,719	10,645
Interest income from financial assets at fair value through other comprehensive income	4,063	5,278
Others	16	30
	<u>134,950</u>	<u>187,139</u>
Total	<u>134,950</u>	<u>187,139</u>

6. LOSSES FROM DERIVATIVE FINANCIAL INSTRUMENTS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Investment losses from foreign currency forward contracts (a)	(94,169)	(19,639)
Investment gains from foreign currency, interest rate and iron ore swap contracts (b)	–	1,646
Investment losses from iron ore, hot rolled steel coil and alloy future contracts (c)	(55,168)	(94,095)
Investment (losses)/gains from rebar and coke future option contracts (d)	(1,311)	427
Total	<u>(150,648)</u>	<u>(111,661)</u>

During the year ended 31 December 2020, the Group entered into certain foreign currency forward contracts and certain iron ore future contracts so as to reduce the impact of the volatility of the RMB exchange rate against USD and volatility of the iron ore price respectively.

- (a) As at 31 December 2020, realised losses amounted to RMB91.5 million and unrealised losses amounted to RMB2.7 million (2019: realised losses amounted to RMB17.3 million and unrealised losses amounted to RMB2.3 million) were derived from foreign currency forward contracts. A derivative financial liability of RMB2.7 million was recognised on balance sheet as at 31 December 2020 accordingly.
- (b) As at 31 December 2020, no realised gains or losses (2019: realised gains amounted to RMB1.6 million) was derived from foreign currency, interest rate and iron ore swap contracts.
- (c) As at 31 December 2020, realised losses amounted to RMB53.8 million and unrealised losses amounted to RMB1.4 million (2019: realised losses amounted to RMB82.0 million and unrealised losses amounted to RMB12.1 million) were derived from iron ore, hot rolled steel coil and alloy future contracts. A derivative financial liability of RMB1.4 million was recognised on balance sheet as at 31 December 2020 accordingly.
- (d) As at 31 December 2020, realised losses amounted to RMB1.3 million (2019: realised gains amounted to RMB0.4 million) was derived from rebar and coke future option contracts.

7. OTHER GAINS — NET

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Government grants	53,267	82,260
Fair value gains of financial assets at fair value through profit or loss	7,253	210,754
Investment income from financial assets at fair value through profit or loss	264,646	227,330
Gains on disposal of financial assets at fair value through other comprehensive income	674	–
Investment income from structured bank deposits	40,445	44,503
(Losses)/gains on disposal of property, plant and equipment	(24,621)	119,925
Losses on disposal of investment property	(993)	(7,017)
Gains on disposal of subsidiaries	193,771	–
Gains of raw materials and by-products	6,685	16,790
Other foreign exchange gains — net	42,405	13,040
Losses on derecognition of notes receivable	(147,141)	(116,970)
Others, net	3,007	29,181
Total other gains — net	<u>439,398</u>	<u>619,796</u>

8. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Interest expenses		
— borrowings	(362,471)	(135,955)
— lease liabilities	(4,653)	(4,790)
Net foreign exchange gains/(losses) on borrowings and dividends payable	<u>102,242</u>	<u>(51,965)</u>
Finance costs	(264,882)	(192,710)
Less: amounts capitalised as qualifying assets	<u>90,794</u>	<u>49,380</u>
Total finance costs	<u>(174,088)</u>	<u>(143,330)</u>
Interest income		
— bank deposits	153,745	69,127
— other receivables and amounts due from related parties	<u>10,055</u>	<u>4,621</u>
Total finance income	<u>163,800</u>	<u>73,748</u>
Finance costs — net	<u>(10,288)</u>	<u>(69,582)</u>

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Current income tax		
— PRC enterprise income tax (the “EIT”)	291,952	772,928
— Singapore profit tax	7,802	21,926
Deferred income tax	<u>(9,761)</u>	<u>3,015</u>
	<u>289,993</u>	<u>797,869</u>

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda and, accordingly, is exempted from payment of Bermuda income tax.

The subsidiaries directly held by the Company were incorporated in British Virgin Islands (“BVI”) with limited liability under the International Business Companies Act Chapter 291 and, accordingly, are exempted from payment of BVI income tax.

No Hong Kong profits tax has been provided since the Company and the subsidiaries traded or incorporated in Hong Kong do not have assessable taxable profits during the year ended 31 December 2020 after utilising accumulated tax losses (2019: nil).

China Oriental Singapore Pte. Limited (“China Oriental Singapore”) has been awarded the “Global Trader Programme” status since 1 April 2011 and continued to be awarded from 1 January 2019 for 5 years. Income from qualifying transactions will be taxed at the concessionary corporate tax rate of 10%, subject to China Oriental Singapore meeting certain terms and conditions as stated in the letter issued by International Enterprise Singapore.

The PRC EIT is calculated based on the statutory profit of subsidiaries incorporated in the Mainland China in accordance with the PRC tax laws and regulations, after adjustments on certain income and expense items which are non-taxable or non-deductible for income tax purposes. The EIT rate applicable to the subsidiaries incorporated in the Mainland China is 25% (2019: 25%) except for Zhongjin Finance Leasing Co., Ltd. (“**Zhongjin Leasing**”), Zhonghuo Finance Leasing Co., Ltd. (“**Zhonghuo Leasing**”) and Hebei Jinxi Iron and Steel Group Heavy Industry Science and Technology Co., Limited (“**Jinxi Heavy Industry**”).

Zhongjin Leasing qualified as a key encouraged industry enterprise and was established in an economically difficult zone. Approved by local tax authority in 2017, Zhongjin Leasing was entitled to a four-year full tax exemption from 2017 to 2020. As at 31 December 2020, the effective tax rate of Zhongjin Leasing was nil (2019: nil).

Zhonghuo Leasing qualified as a key encouraged industry enterprise and was established in an economically difficult zone. Approved by local tax authority in 2020, Zhonghuo Leasing was entitled to a five-year full tax exemption from 2020 to 2024. As at 31 December 2020, the effective tax rate of Zhonghuo Leasing was nil.

Jinxi Heavy Industry obtained the High-tech Enterprise Certificate and as a high-tech enterprise, subject to an enterprise income tax rate of 15% from 2020 to 2022.

According to the applicable PRC tax regulations, dividends distributed by a company established in the Mainland China to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to withholding tax (“**WHT**”) at rate of 10%. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the Mainland China and Hong Kong, the relevant rate of WHT will be reduced from 10% to 5%. During the year ended 31 December 2020, the distribution of dividends among Hebei Jinxi Iron and Steel Group Company Limited (“**Jinxi Limited**”) and certain foreign subsidiaries of the Group was subject to WHT at rate of 5% and 10%.

The taxation on the Group’s profit before taxation differs from the theoretical amount that would arise using the weighted average applicable tax rate of 24.45% (2019: 23.77%) to respective profits of the consolidated entities for the years ended 31 December 2020 and 2019 as follows:

	Year ended 31 December	
	2020	2019
	RMB’000	RMB’000
Profit before taxation	1,910,920	4,064,794
Taxation calculated at statutory tax rate	467,169	966,394
Tax exemption of subsidiaries established in specific area	(100,526)	(123,977)
Temporary differences and tax losses for which no deferred income tax asset was recognised	15,485	10,314
Withholding tax on dividends from subsidiaries	29,503	102,044
Utilisation of previously unrecognised tax losses and temporary differences	(38,700)	(54,538)
Withholding tax on intra-group interest	287	527
Effect of non-taxable income	(83,001)	(99,954)
Effect of non-deductible expenses	1,377	2,061
Deductible investment in environmental protection equipment	–	(5,002)
Deductible value-added tax rebate	(1,601)	–
	289,993	797,869

10. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (<i>RMB'000</i>)	1,586,173	3,210,309
Weighted average number of ordinary shares in issue (<i>thousands</i>)	3,722,569	3,722,569
Basic earnings per share (<i>RMB per share</i>)	0.43	0.86

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2020 and 2019, the Company did not have any dilutive potential ordinary shares.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (<i>RMB'000</i>)	1,586,173	3,210,309
Weighted average number of ordinary shares and potential ordinary shares issued as the denominator in calculating diluted earnings per share (<i>thousands</i>)	3,722,569	3,722,569
Diluted earnings per share (<i>RMB per share</i>)	0.43	0.86

11. DIVIDENDS

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interim, paid (a) (b)	224,276	504,428
Final, paid (c)	–	302,185
Final, proposed (d)	157,312	–

(a) At the Board meeting held on 31 August 2020, the Board proposed an interim dividend of HK\$186.1 million (approximately RMB160.2 million), representing HK\$0.05 per ordinary share and a special dividend of HK\$74.5 million (approximately RMB64.1 million), representing HK\$0.02 per ordinary share in respect of the six months ended 30 June 2020. The proposed dividend was paid during the year ended 31 December 2020.

(b) At the Board meeting held on 29 August 2019, the Board proposed an interim dividend of HK\$372.3 million (approximately RMB336.3 million), representing HK\$0.10 per ordinary share and a special dividend of HK\$186.1 million (approximately RMB168.1 million), representing HK\$0.05 per ordinary share in respect of the six months ended 30 June 2019. The proposed dividend was paid during the year ended 31 December 2019.

- (c) At the Board meeting held on 31 March 2020, the Board proposed a final dividend of HK\$335.0 million (approximately RMB302.2 million), representing HK\$0.09 per ordinary share in respect of the year ended 31 December 2019. This proposed dividend was approved by the shareholders of the Company on the Annual General Meeting of the Company dated 5 June 2020 and was paid during the year ended 31 December 2020.
- (d) At the Board meeting held on 31 March 2021, the Board proposed a final dividend of HK\$186.1 million (approximately RMB157.3 million), representing HK\$0.05 per ordinary share in respect of the year ended 31 December 2020.

12. CAPITAL EXPENDITURE

	Property, plant and equipment <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Investment properties <i>RMB'000</i>	Intangible assets <i>RMB'000</i>
Year ended 31 December 2020				
Opening carrying amount as at				
1 January 2020	9,586,054	278,442	125,667	1,039,546
Additions	2,254,409	141,706	–	2,769,055
Transfers	891,132	–	1,859	(892,607)
Disposals	(58,834)	(1,688)	(12,336)	(64,829)
Depreciation and amortisation (<i>Note 4</i>)	(1,120,341)	(20,975)	(7,750)	(7,525)
	<u>11,552,420</u>	<u>397,485</u>	<u>107,440</u>	<u>2,843,640</u>
Closing carrying amount as at				
31 December 2020	<u>11,552,420</u>	<u>397,485</u>	<u>107,440</u>	<u>2,843,640</u>
	Property, plant and equipment <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Investment properties <i>RMB'000</i>	Intangible assets <i>RMB'000</i>
Year ended 31 December 2019				
Opening carrying amount as at				
1 January 2019	7,559,747	266,823	187,184	129,647
Additions	3,341,719	29,387	–	922,368
Disposals	(157,366)	–	(52,909)	–
Depreciation and amortisation (<i>Note 4</i>)	(1,158,046)	(17,768)	(8,608)	(12,469)
	<u>9,586,054</u>	<u>278,442</u>	<u>125,667</u>	<u>1,039,546</u>
Closing carrying amount as at				
31 December 2019	<u>9,586,054</u>	<u>278,442</u>	<u>125,667</u>	<u>1,039,546</u>

The transfer of intangible assets of approximately RMB893 million to property, plant and equipment during the year ended 31 December 2020 represented the transfer of iron and steel production capacity upon the completion of the Group's equipment upsizing project. Depreciation will be calculated using the straight-line method to allocate its cost to its residual value over its estimated useful life of machinery.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Prepayments for purchase of long-term assets	956,286	1,690,315
Less: impairment provision	<u>(234,235)</u>	<u>(234,235)</u>
Prepayments for purchase of long-term assets — net	722,051	1,456,080
Deposits for purchase of right-of-use assets	500,000	300,000
Lease receivables	<u>29,481</u>	<u>56,380</u>
	<u>1,251,532</u>	<u>1,812,460</u>
Current		
Prepayments for purchase of inventories	<u>1,994,506</u>	<u>858,233</u>
Other receivables	591,611	428,316
Less: impairment provision	<u>(181,718)</u>	<u>(198,621)</u>
Other receivables — net	<u>409,893</u>	<u>229,695</u>
Prepaid tax	446,262	130,628
Deposits	288,059	335,940
Prepaid expenses	31,585	13,136
Lease receivables	17,772	13,638
National debt reverse repurchase	<u>—</u>	<u>35,100</u>
	<u>3,188,077</u>	<u>1,616,370</u>
	<u><u>4,439,609</u></u>	<u><u>3,428,830</u></u>

The fair values of prepayments, deposits and other receivables approximated their carrying amounts as at the balance sheet date, as the impact of discounting is not significant.

14. PROPERTIES UNDER DEVELOPMENT AND HELD FOR SALE

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Properties under development comprise:		
— Land use rights	303,315	38,942
Completed properties held for sale	<u>47,054</u>	<u>77,697</u>
	<u>350,369</u>	<u>116,639</u>

The properties under development and held for sale are all located in the PRC. The related land use rights are on leases of 40 to 70 years.

15. INVENTORIES

	As at 31 December	
	2020	2019
	RMB'000	<i>RMB'000</i>
Raw materials and materials in-transit	3,502,499	2,855,933
Work-in-progress	631,531	798,335
Finished goods	592,861	466,989
Less: impairment provision	(32,567)	(27,822)
	<hr/>	<hr/>
Inventories — net	<u>4,694,324</u>	<u>4,093,435</u>

The cost of inventories recognised in cost of sales for the year ended 31 December 2020 amounted to RMB36,818 million (2019: RMB38,778 million).

16. TRADE RECEIVABLES AND CONTRACT ASSETS

	As at 31 December	
	2020	2019
	RMB'000	<i>RMB'000</i>
Trade receivables	829,753	1,267,867
Contract assets	95,757	–
Less: impairment provision for trade receivables	(76,362)	(66,862)
impairment provision for contract assets	(958)	–
	<hr/>	<hr/>
Trade receivables and contract assets — net	<u>848,190</u>	<u>1,201,005</u>

As at 31 December 2020 and 2019, the carrying amount of the Group's trade receivables and contract assets approximated their fair values.

The credit policy usually adopted by the Group for the sales of products to customers is to deliver goods either upon receipt in cash or upon receipt of bank acceptance notes with the maturity dates within 1 year.

As at 31 December 2020 and 2019, the ageing analysis of the gross amount of trade receivables and contract assets based on invoiced date was as follows:

	As at 31 December	
	2020	2019
	RMB'000	<i>RMB'000</i>
Within 3 months	768,684	1,158,789
4–6 months	50,451	12,633
7–12 months	16,149	34,982
Over 1 year	90,226	61,463
	<hr/>	<hr/>
	<u>925,510</u>	<u>1,267,867</u>

As at 31 December 2020, trade receivables amounting to RMB41 million (2019: RMB502 million) were secured by letters of credit issued by third party customers.

As at 31 December 2020, trade receivables approximately RMB329 million were pledged as security for bank borrowings (Note 21) of the Group.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

17. LOAN RECEIVABLES

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Long-term loan receivables (a)	<u>348,480</u>	<u>200,000</u>
Current		
Short-term loan receivables (b)	1,218,975	1,058,791
Less: impairment provision (c)	<u>(44,786)</u>	<u>(44,791)</u>
	<u>1,174,189</u>	<u>1,014,000</u>
Total loan receivables, net of provision	<u><u>1,522,669</u></u>	<u><u>1,214,000</u></u>

The Group provided loans to third parties. The details of the loans are set out below:

- (a) As at 31 December 2020, long-term loan receivables of RMB348 million were secured by pledge of certain production capacity of the borrower, facilitated by the government department concerned, interest-free and with repayment terms of 5 years.

As at 31 December 2019, long-term loan receivables of RMB200 million were secured by pledge of shares of a listed company held by the borrowers, interest bearing at rates of 8.0% per annum and with repayment terms of 2 years.

- (b) Loan receivables of RMB1,219 million as at 31 December 2020 comprised of various loans with residual repayment terms within 1 year and with individual amount ranging from RMB7 million to RMB348 million. The loans were secured by the pledge of listed and unlisted shares of the borrowers or guarantors of the borrowers and were guaranteed by related parties of the borrowers, interest bearing at rates ranging from 8.0% to 15.0% per annum.

Loan receivables of RMB1,059 million as at 31 December 2019 comprised of various loans with residual repayment terms within 1 year and with individual amount ranging from RMB0.3 million to RMB300 million. The loans were secured by the pledge of certain land use rights and listed and unlisted shares of the borrowers or guarantors of the borrowers and were guaranteed by related parties of the borrowers, interest bearing at rates ranging from 8.0% to 18.0% per annum.

- (c) As at 31 December 2020, provisions amounting to RMB45 million (2019: RMB45 million) were made on the loan receivables given that the borrowers were in significant financial difficulty and had defaulted in scheduled payments and there was significant uncertainty of recovering the loan receivables by the enforcement of mortgage rights.

The fair values of loan receivables approximated their carrying amounts as at the balance sheet date, as the impact of discounting is not significant.

18. NOTES RECEIVABLE — BANK ACCEPTANCE NOTES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Notes receivable — bank acceptance notes	<u>1,930,903</u>	<u>1,517,684</u>

As at 31 December 2020, notes receivable amounting to approximately RMB86 million (2019: RMB62 million) were pledged as security for the Group's notes payable (Note 22).

The settlement of the notes receivable was guaranteed by banks with maturity dates within 1 year and the credit risks in respect of the notes receivable are considered to be low.

As at 31 December 2020 and 2019, the ageing analysis of notes receivable was as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 3 months	1,093,465	1,272,301
4–6 months	825,926	242,487
7–12 months	<u>11,512</u>	<u>2,896</u>
	<u>1,930,903</u>	<u>1,517,684</u>

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current		
Listed equity interests	<u>202,442</u>	<u>211,620</u>
Current		
Listed bond investments	1,257,444	546,123
Financial investment products	915,414	840,687
Bond market funds	903,382	342,028
Money market funds	815,082	897,667
Investment funds	598,026	532,634
Listed equity interests	<u>112,571</u>	<u>188,639</u>
	<u>4,601,919</u>	<u>3,347,778</u>
Total	<u>4,804,361</u>	<u>3,559,398</u>

20. STRUCTURED BANK DEPOSITS

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at amortised cost	–	1,300,100
Financial assets at fair value through profit or loss	<u>1,520,000</u>	<u>900,000</u>
Total	<u><u>1,520,000</u></u>	<u><u>2,200,100</u></u>

As at 31 December 2020, the structured bank deposits represented financial instruments placed by the Group in various banks in Mainland China for a term within 1 year. The structured bank deposits are principal-protected, among which amounts of approximately RMB520 million interests are link to SHIBOR and amounts of RMB1,000 million interests are link to LIBOR and BFIX EUR/USD. Considering the principal-protected nature or short-term maturity of the deposits, the Directors are of the view that the structured bank deposits are held for cash management purpose.

As at 31 December 2020, structured bank deposits amounting to RMB1,000 million (2019: RMB1,200 million) were pledged as security for issuing notes payable (Note 22) of the Group.

21. BORROWINGS

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current		
Bank borrowings		
— Secured (a)	20,000	–
— Unsecured	<u>2,856,948</u>	<u>1,318,699</u>
	<u><u>2,876,948</u></u>	<u><u>1,318,699</u></u>
Current		
Bank borrowings		
— Secured (a)	2,884,325	168,130
— Unsecured	<u>5,499,685</u>	<u>4,391,775</u>
	<u><u>8,384,010</u></u>	<u><u>4,559,905</u></u>
Other borrowings, unsecured (b)	<u>20,000</u>	<u>20,000</u>
	<u><u>8,404,010</u></u>	<u><u>4,579,905</u></u>
Total borrowings	<u><u>11,280,958</u></u>	<u><u>5,898,604</u></u>

- (a) The secured bank borrowings as at 31 December 2020 totalling RMB2,904 million were secured by property, plant and equipment (Note 12), right-of-use assets (Note 12), trade receivables (Note 16) and restricted bank balances of the Group.

The secured bank borrowings as at 31 December 2019 totalling RMB168 million were secured by property, plant and equipment (Note 12), right-of-use assets (Note 12) and restricted bank balances of the Group.

- (b) The other unsecured borrowings of RMB20 million (2019: RMB20 million) represented a borrowing from a local county government without fixed term of repayment. Interest is charged at the RMB bank deposit rate for one year fixed deposit.

As at 31 December 2020 and 2019, the Group's borrowings were repayable as follows:

	Bank borrowings		Other borrowings	
	As at 31 December		As at 31 December	
	2020	2019	2020	2019
	RMB'000	<i>RMB'000</i>	RMB'000	<i>RMB'000</i>
Within 1 year	8,384,010	4,559,905	20,000	20,000
Between 1 and 2 years	2,562,948	533,127	–	–
Between 2 and 5 years	267,000	728,572	–	–
Over 5 years	47,000	57,000	–	–
	11,260,958	5,878,604	20,000	20,000

22. TRADE PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	<i>RMB'000</i>
Account payables	2,939,198	2,030,988
Notes payable	4,142,168	3,017,786
	7,081,366	5,048,774

As at 31 December 2020, approximately RMB4,142 million of notes payable represented bank acceptance notes, of which RMB86 million (2019: RMB59 million) were secured by certain notes receivable (Note 18), RMB2,915 million (2019: RMB1,606 million) were secured by certain restricted bank balances, RMB1,000 million (2019: RMB1,211 million) were secured by certain structured bank deposits (Note 20), RMB7 million (2019: RMB142 million) were secured by certain restricted bank balances, certain right-of-use assets and certain property, plant and equipment, and RMB134 million (2019: nil) were issued on credit without specific pledge.

As at 31 December 2020 and 2019, the ageing analysis of the trade payables was as follows:

	As at 31 December	
	2020	2019
	RMB'000	<i>RMB'000</i>
Within 3 months	4,286,319	3,731,575
4–6 months	628,048	509,290
7–9 months	1,277,474	647,832
10–12 months	776,291	15,563
Over 1 year	113,234	144,514
	7,081,366	5,048,774

23. FINANCIAL GUARANTEE CONTRACTS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Guarantee for engineering and trading	<u>96,115</u>	<u>–</u>

As at 31 December 2020, Chongqing Jodear Power Equipment Co., Ltd. provided guarantee for engineering and trading in favour of third parties amounted to approximately RMB96 million. The fair values of these financial guarantee contracts are not significant.

The Directors are of the view that such obligation will not cause an outflow of resources embodying economic benefits.

24. COMMITMENTS

(a) Capital commitments

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Purchase of property, plant and equipment		
— Contracted but not provided for	594,632	2,643,877
— Authorised but not contracted for	<u>202,283</u>	<u>2,985,217</u>
	<u>796,915</u>	<u>5,629,094</u>

(b) Commitments to properties under development

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Purchase of properties under development	<u>88,957</u>	<u>39,387</u>

(c) **Operating lease commitments**

As lessor

The investment properties are leased to tenants under operating leases with various arrangements of rental payments. The minimum lease payments receivable on leases of investment properties are as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	7,265	7,542
Between 1 and 2 years	6,531	7,265
Between 2 and 3 years	6,130	6,531
Between 3 and 4 years	4,714	6,130
Between 4 and 5 years	3,095	4,714
Later than 5 years	5,292	8,387
	<hr/>	<hr/>
	33,027	40,569
	<hr/> <hr/>	<hr/> <hr/>

25. POST BALANCE SHEET EVENTS

In January 2021, Jinxi Limited entered into a share subscription agreement with Qingdao Huijintong Power Equipment Company Limited (“**HJT**”), pursuant to which Jinxi Limited conditionally agreed to subscribe not more than 50,870,865 newly issued shares of HJT at a subscription price of RMB7.51 per share, which, on a fully diluted basis, will result in the Group holding approximately 40.5% of the issued shares of HJT upon the completion of the subscription, realising the extension of the business chain to downstream.

In compliance with the production control measures under the “Notice on the Submission of Production Restriction and Emission Reduction Measures for Enterprises in the Iron and Steel Industry” (關於報送鋼鐵行業企業限產減排措施的通知) dated 19 March 2021 issued by the Office of the Steering Group for the Prevention and Control of Air Pollution in Tangshan City (唐山市大氣污染防治工作領導小組辦公室), Jinxi Limited has to restrict the production by 30% from 20 March 2021 to 31 December 2021.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking back at 2020, the iron and steel industry in the People's Republic of China (the "PRC") has been volatile during the year. At the beginning of 2020, the tension between China and the United States continued to escalate and there was continuous occurrence of trade disputes between them. Such tensions, coupled with the outbreak of coronavirus disease 2019 ("COVID-19") since January 2020, have imposed a material adverse impact on China and the global economy, resulting in a rapidly waning business environment and ongoing uncertainties. Since the outbreak of the pandemic, the upstream and downstream of the iron and steel industry in the PRC were affected by the spread of the pandemic and related prevention measures. Suspension of operation and production in downstream construction, manufacturing of machines, etc. in light of quarantine and lockdown measures affected the demand for steel products from end-users and led to a decrease in steel prices. At the same time, the pandemic abroad also affected the supply of iron ore, resulting in rising iron ore prices. On the other hand, as the pandemic has been brought under control effectively within a short period of time through the proactive prevention and strict control measures imposed by the Chinese government, all sectors started to resume operation progressively in March and April 2020 and production and profit of the iron and steel industry gradually returned to stable levels. Since the third quarter of the year, the price of raw materials, in particular iron ores, continued to rise, and the Platts 62% Iron Ore Price Index went up to a high point of 177 in December 2020 from the level of 93 as at the beginning of the 2020. The profitability of the iron and steel industry has been compressed. To sum up, the production volume of iron and steel in the PRC remained at a high level and recorded a growth. According to the data from the National Bureau of Statistics, the national production volumes of pig iron, crude steel and steel products in 2020 were 888 million tonnes, 1.065 billion tonnes and 1.325 billion tonnes, respectively, representing an increase of 4.3%, 7.0% and 10.0% from the corresponding period in 2019, respectively.

For the policy with respect to the iron and steel industry, in January 2020, the National Development and Reform Commission of the People's Republic of China ("NDRC") and the Ministry of Industry and Information Technology of the People's Republic of China ("MIIT") jointly issued the "Notice on Regarding Completing the Steel Capacity Replacements and Project Filing Works" (關於完善鋼鐵產能置換和項目備案工作的通知) and associated interpretation ("**Notice on Steel Capacity Replacements**"), which pointed out that in order to prevent the recurrence of excessive production capacity and promote high quality development of the industry, the Chinese government is suspending the iron and steel production capacity replacements and project filing, carrying out self-inspection on the existing iron and steel production capacity swap projects, formulating relevant policy documents and strengthening thorough implementation and urging inspection. In December 2020, the MIIT

released the “Implementation Measures of Capacity Replacements in the Iron and Steel Industry” (鋼鐵行業產能置換實施辦法) and the “Instructions on Promoting the High-Quality Development of the Iron and Steel Industry” (關於推動鋼鐵工業高品質發展的指導意見), in which the renewed requirements of the production reduction and replacement solution of the iron and steel industry and the more specific development goals in terms of industry foundation, innovation and development, resource security, industry structure, green and low carbon, and quality and efficiency were proposed respectively. Currently, the iron and steel industry in the PRC is closely monitoring the “Implementation Measures of Capacity Replacements in the Iron and Steel Industry” (鋼鐵行業產能置換實施辦法) to be implemented and formally announced by the NDRC and MIIT and the details of the development plans of the industry under the “Recommendations for the Development of Economy and Society under the Fourteenth Five-Year Plan from the Central Government and long-range goals for 2035” (“**14th Five-Year Plan**”) (中共中央關於制定國民經濟和社會發展第十四個五年規劃和2035年遠景目標建議) in the PRC.

With this background, the Group, through persistently pursuing efficiency enhancement and cost control, etc., enhanced the operating efficiency and sustainability. At the same time, the rising price of raw materials, in particular iron ores, the COVID-19 pandemic, implementation of various production restriction policies by the government, as well as the implementation of the Equipment Upsizing Project proceeded in parallel with daily production as mentioned hereinafter etc., had brought an impact on the production volumes and gross profit of the Group. Separately, due to the disposal of 31% equity shares of Dongfang Jingyuan Electron Limited (“**Dongfang Jingyuan**”), the Group recorded a non-recurring disposal gain of approximately RMB194 million. Given the aforesaid conditions, the Group has been actively adopting flexible production management, including active production reduction, introduction of a series of preventive measures for the COVID-19 pandemic, etc., to reduce the impact on the operation from those challenges. Due to the combined impact of these factors, the Group’s annual results dropped compared with last year. The revenue was approximately RMB39.15 billion for the year ended 31 December 2020, representing a decrease of approximately 9.0% as compared with the corresponding period of last year. Comparing with last year, the average selling price and sales volume of self-manufactured steel products decreased by 2.3% and 8.4% to approximately RMB3,313 per tonne and approximately 8.2 million tonnes respectively, and due to the aforesaid factors, the gross profit decreased by approximately 47.3% to approximately RMB2.02 billion. The net profit of the Group for the year amounted to approximately RMB1.62 billion, representing a decrease of approximately 50.4% from the profit of approximately RMB3.27 billion of last year. EBITDA of the Group decreased from approximately RMB5.33 billion of last year to approximately RMB3.08 billion. Basic earnings per share was RMB0.43 (2019: RMB0.86).

In July 2020, the Company was ranked the 223rd in the top 2020 Fortune China 500 companies. In September 2020, Hebei Jinxi Iron and Steel Group Company Limited (“**Jinxi Limited**”), the Group’s 97.6% indirect non-wholly owned subsidiary, was awarded the title of “National Civilized Unit” by the Central Steering Committee for the Building of Spiritual Civilization. In November and December 2020, Jinxi Limited was awarded the titles of “2019 Hebei Provincial Government Quality Award” and “Outstanding Private Enterprise in Hebei Province” by Hebei Provincial Government.

Based on the results of 2020 and with regard to the requirements of future development, as well as for sharing of the outstanding results of the Group with the shareholders of the Company (the “**Shareholders**”), the Board proposed distribution of 2020 final dividend of HK\$0.05 per ordinary share.

With respect to the iron and steel business, the Group continued to invest substantially to enhance the competitiveness and economic efficiency of its products as well as environmental protection. These efforts include establishing scientific research centres to promote product research and development, improving production facilities to enhance efficiency, increasing the proportion of products with high added-value and investing in various projects to reduce emissions. The Group’s section steel production volume has been leading nationwide since 2009. In response to government policy requirements, the Group has commenced an equipment upsizing project since 2019 to build certain new production facilities, including two new blast furnaces with capacity of approximately 2,000 cubic meters each and two new converter furnaces with capacity of approximately 150 tonnes each (the “**New Facilities**”) as replacements for blast furnace(s) with capacity of 1,000 cubic meters or below and converter furnace(s) with capacity of 100 tonnes or below (the “**Equipment Upsizing Project**”). Furthermore, the Group also started building the branch-line railways for transportation of materials and inventories for the business of the Group (the “**Branch-line Railway Project**”). The Branch-line Railway Project will be used to connect the Group’s facilities with the railway transportation hub system and ports nearby, replacing trucks for raw materials and products transportation after completion, which will also help the Group to promote energy conservation and emission reduction going forward. Currently, the first and second phases of the Equipment Upsizing Project, namely each building a new blast furnace with a capacity of approximately 2,000 cubic meters and a new converter furnace with a capacity of approximately 150 tonnes, have been completed in June 2020 and November 2020, respectively, and productions were commenced. Steel productions and operation efficiency have been returned to normal. Most of the construction work of Branch-line Railway Project has also been completed during the year. The annual steel products production capacity of the Group currently maintains at approximately 10 million tonnes. In 2020, the Group sold approximately 3.25 million tonnes of self-manufactured H-section steel products, and kept securing its leading position in the H-section steel market of China.

In July 2020, the Group completed the acquisition of 43,240,235 shares of Qingdao Huijintong Power Equipment Company Limited (“**HJT**”), representing approximately 15% of the issued shares of HJT at a consideration of approximately RMB639 million. Upon completing the acquisition, the Group holds approximately 30% in aggregate of the issued shares of HJT. In January 2021, Jinxi Limited entered into a share subscription agreement with HJT, pursuant to which Jinxi Limited conditionally agreed to subscribe not more than 50,870,865 newly issued shares of HJT at a subscription price of RMB7.51 per share, which, on a fully diluted basis, will result in the Group holding approximately 40.5% of the issued shares of HJT upon the completion of the subscription, realising the extension of the business chain to downstream. On the other hand, in August 2020, the Group completed the disposal of 31% of its shares in Dongfang Jingyuan to a third party to realise its investment in Dongfang Jingyuan and recorded a disposal gain of approximately RMB194 million. Dongfang Jingyuan and its related subsidiaries are principally engaged in core technologies for semiconductor chip design and manufacturing process optimisation/equipment.

In September 2019, Jinxi Limited entered into an investment agreement with the Fangchenggang City Government in relation to the investment in the Fangchenggang Economic and Technological Development Zone. The terms of the investment agreement include the acquisition of land use right through the bidding process, and the land will be used by the Group for the establishment of a production base of H-section steel and sheet piling, which could be extended to the development of prefabricated steel construction building industry (the “**Fangchenggang Project**”). The annual iron and steel production capacity of the Fangchenggang Project is estimated to amount to approximately 10 million tonnes. The Fangchenggang Project will be developed in two phases. The total investment cost for the first phase is estimated to be approximately RMB22 billion. After completion of the first phase of development of the Fangchenggang Project, the relevant annual steel products production volume is currently estimated to amount to approximately 6.5 million tonnes. After entering into the investment agreement, the Group has acquired accumulated annual iron production capacity of approximately 2.35 million tonnes and annual steel production capacity of approximately 3.05 million tonnes. Given the aforementioned Notice on Steel Capacity Replacements, the Group is observing the release of a new steel production capacity replacement policy by the NDRC. As the Fangchenggang Project is still pending approval from relevant authorities, the progress has been slowed down. After the new policy release, the Group will continue to evaluate its impact on the Fangchenggang Project.

With respect to the real estate business, the Group was dedicated in promoting the adoption of green structural development construction apart from developing traditional real estate projects. In various projects in Tangshan City and Suzhou of the Group, the sales and delivery of most units were completed in the past years. In 2020, the 4th phase of the Donghu Bay project in Tangshan City and Jinxi Meishu Hall project in Guangxi have commenced early stage of construction, and the construction of Jinxi Xijiang Bay project in Guangxi would be commenced in 2021. The site of Jinxi Meishu Hall project and Jinxi Xijiang Bay project are approximately 23,000 m² and approximately 67,000 m². In 2020, the Group recorded revenue and operating profit from its real estate business of approximately RMB51 million and RMB5 million, respectively.

In 2020, the revenue and gross profit arising from trading of steel products and iron ore of the Group were approximately RMB10.78 billion (2019: approximately RMB11.39 billion) and approximately RMB124 million (2019: approximately RMB153 million) respectively.

Finally, with the good results of the Group, the Board would like to take this opportunity to express our heartfelt gratitude to the Shareholders for the continuous support, as well as appreciation to the staff for the dedication and contribution. The Company will diligently create greater value for its Shareholders.

BUSINESS REVIEW

Sales analysis on self-manufactured steel products

Sales Volume

In 2020, the total sales volume was 8,178,000 tonnes (2019: 8,929,000 tonnes), representing a decrease of approximately 8.4%.

The sales volume breakdown during the year was as follows:

	2020		2019		Changes in
	Sales volume		Sales volume		sales volume
	('000 tonnes)		('000 tonnes)		Increase/ (Decrease)
H-section steel products	3,250	39.7%	3,547	39.7%	(8.4%)
Strips and strip products	1,180	14.4%	2,507	28.1%	(52.9%)
Billets	1,687	20.6%	523	5.9%	222.6%
Cold rolled sheets and galvanised sheets	293	3.6%	299	3.3%	(2.0%)
Rebar	1,002	12.3%	1,343	15.0%	(25.4%)
Sheet piling	766	9.4%	710	8.0%	7.9%
Total	<u>8,178</u>	<u>100%</u>	<u>8,929</u>	<u>100%</u>	<u>(8.4%)</u>

During the year of 2020, the Group's production capacity was approximately 10 million tonnes per annum.

Revenue

Revenue in 2020 was RMB27,095 million (2019: RMB30,278 million), representing a decrease of approximately 10.5%. Export to foreign countries contributed revenue of RMB333 million (2019: RMB206 million), representing approximately 1.2% (2019: 0.7%) of revenue from sales of self-manufactured steel products.

The sales breakdown and average selling price by product (excluding value-added tax) during the year were as follows:

	2020		2019		Changes	
	Revenue (RMB million)	Average selling price (RMB/ tonne)	Revenue (RMB million)	Average selling price (RMB/ tonne)	Revenue Increase/(Decrease)	Average selling price
H-section steel products	10,629	3,271	12,024	3,390	(11.6%)	(3.5%)
Strips and strip products	3,902	3,306	8,027	3,202	(51.4%)	3.2%
Billets	5,175	3,067	1,587	3,032	226.1%	1.2%
Cold rolled sheets and galvanised sheets	1,278	4,353	1,284	4,296	(0.5%)	1.3%
Rebar	3,133	3,128	4,511	3,359	(30.5%)	(6.9%)
Sheet piling	2,978	3,889	2,845	4,008	4.7%	(3.0%)
Total/combined	<u>27,095</u>	<u>3,313</u>	<u>30,278</u>	<u>3,391</u>	<u>(10.5%)</u>	<u>(2.3%)</u>

The decrease in revenue from self-manufactured steel products was primarily due to a decrease in the sales volume of the Group's products by 8.4% to approximately 8.2 million tonnes in 2020 from approximately 8.9 million tonnes in 2019 and a slight decrease in average selling price by 2.3% to RMB3,313 per tonne in 2020 from RMB3,391 per tonne in 2019. The decrease in average selling price and decrease in sales volume of the Group's products was mainly due to the impact of the COVID-19 pandemic, implementation of various production restrictions by the government, as well as the implementation of the Equipment Upsizing Project of the Group.

Cost of Sales and Gross Profit

The consolidated gross profit in 2020 was RMB2,018 million (2019: RMB3,826 million), representing a decrease of approximately 47.3%.

Average unit cost per tonne, gross profit per tonne and gross profit margin during the year were as follows:

	2020			2019		
	Average unit cost (RMB/tonne)	Gross profit per tonne (RMB)	Gross profit margin	Average unit cost (RMB/tonne)	Gross profit per tonne (RMB)	Gross profit margin
H-section steel products	2,971	300	9.2%	2,891	499	14.7%
Strips and strip products	3,038	268	8.1%	2,728	474	14.8%
Billets	2,905	162	5.3%	2,805	227	7.5%
Cold rolled sheets and galvanised sheets	4,195	158	3.6%	4,135	161	3.7%
Rebar	2,956	172	5.5%	3,159	200	6.0%
Sheet piling	3,581	308	7.9%	3,401	607	15.1%
Combined	<u>3,066</u>	<u>247</u>	<u>7.5%</u>	<u>2,963</u>	<u>428</u>	<u>12.6%</u>

In 2020, gross profit per tonne of the Group's products decreased to RMB247 from RMB428 in 2019, reflecting a decrease of 42.3%. In 2020, gross profit margin decreased to 7.5% from 12.6% in 2019. The decrease in gross profit margin was primarily due to the increase in the average unit cost (primary due to rising price of raw materials, in particular iron ore), decrease in the average selling price and decrease in the sales volume of the Group's steel products in 2020.

Property Development

For the year ended 31 December 2020, the revenue from real estate business of the Group amounted to approximately RMB51 million. The gross floor area ("GFA") of properties delivered was approximately 5,000 m². The average selling price of properties delivered was approximately RMB11,000 per m².

As at 31 December 2020, the Group had the following project under construction with a GFA approximately 142,000 m²:

No.	City	Property project	Phase of project	GFA under construction (m ²)	Estimated time of completion
1	Tangshan	Donghu Bay	Phase 4	70,000	2022
2	Fangchenggang	Jinxi Meshu Hall	Foundational phase	72,000	2022

In 2020, the Group contracted for Jinxi Xijiang Bay project in Guangxi, construction for which is expected to commence in 2021.

The above projects are expected to be completed in 2022 and 2023 and will contribute stable revenue and profits to our Group.

FUTURE PROSPECTS

Looking ahead to 2021, the relationship between the PRC and the United States will remain tense, the impact of the COVID-19 outbreak will gradually recede as vaccines become more widespread, and the global economy is expected to recover gradually, with the PRC leading the way. 2021 marks the first year of the PRC's "14th Five-Year Plan", and the Chinese government is formulating a five-year plan for its steel industry for the period from 2021 to 2025 and strives to achieve a sustainable development structure that features a rational industry layout, advanced technology and equipment, outstanding quality and brand, high level of artificial intelligence, strong global competitiveness, and green and low-carbon. On 8 February 2021, MIIT issued "Continuing to Work Hard, Forge Ahead and Open Up A New Journey of High-quality Development in the Iron and Steel Industry" (繼續奮鬥勇往直前開啟鋼鐵行業高品質發展新征程), which points out that in 2021, the major focus is to deepen the structural reform on the supply side of steel, continue its de-capacity efforts, launch and implement the "Implementation Measures of Capacity Replacements in the Iron and Steel Industry" (鋼鐵行業產能置換實施辦法), strictly prohibit the addition of new steel production capacity, study and formulate a work plan for de-production, and implement a policy of dual control over production capacity and volume and ensure that the PRC's crude steel production will record a year-on-year decline in 2021. In addition, the PRC has pledged at the 75th United Nations Conference in September 2020 that it will strive to peak its carbon dioxide emissions by 2030 and to achieve carbon neutrality by 2060. The implementation of these policies will bring along significant changes to the steel industry and the Group will actively follow up and assess the impact on the Group's development and the Fangchenggang Project. On the demand side of the steel industry, it is expected that the PRC's infrastructure and real estate investment will maintain steady, while machinery, home appliances and automobile manufacturing will remain relatively strong, which will drive steel demand; in terms of cost, it is expected that overseas countries will still be affected by the COVID-19 outbreak for some time in 2021, therefore, the supply and demand of iron ore will remain relatively tight, and it is estimated that the iron ore price will remain at a high level. In general, we expect to remain cautiously optimistic in 2021 for the overall development of the steel industry.

Under such backdrop, the Group will proactively follow the Chinese government's policies, and plan to improve its competitiveness and gain a prominent position in the industry by continuously improving the production efficiency and cost, developing and increasing the high value-added products, expanding its market share, enhancing internal management and optimising the utilisation of internal resources as well as continuously improving the facilities etc.. The Group will continue to focus on the development of section steel. After the completion of the Equipment Upsizing Project in 2020, the Group will continue to invest in the technological renovation of the ancillary steel rolling lines, develop new products including hot-rolled power angle steel and hot-rolled H-section steel of different standards and specifications, etc., enhance the section steel rolling capacity and continuously optimize the product structure to strengthen the Group's advantages in the section steel. In addition, in order to strive for carbon neutrality and emission reduction, and adhere to the concept of green and sustainable development, the Group will closely follow the policy development and explore the feasibility of different technical options to conduct early studies and deployment for emission reduction. At the same time, the Group expects that the Branch-line Railway Project will come into operation within 2021, replacing road transportation with rail transportation and further reducing emissions.

In January 2021, Jinxi Limited entered into the Share Subscription Agreement with HJT, pursuant to which Jinxi Limited has conditionally agreed to subscribe not more than 50,870,865 newly issued shares of HJT at a subscription price of RMB7.51 per share. After the completion of subscription, the Group will be holding approximately 40.5% of issued share in HJT on a fully diluted basis, further realising the extension of the business chain to downstream. HJT is principally engaged in the research and development, manufacturing and sales of electric power transmission facilities and it currently operates a manufacturing plant in Shandong Province of the PRC with an annual production capacity of approximately 250,000 tonnes. It is a downstream customer of the Group and this will help the Group to build a full process business chain from section steel products to power transmission equipment, thereby creating synergy.

Currently, the Group retains a relatively large amount of cash and resources within the Group in order to cope with future development needs. The Group is also proactively considering a wide variety of possibilities, including horizontal and vertical (in particular, downstream) corporate mergers and acquisitions, etc., while exploring different financing channels, so as to achieve sustainable development. The Group will also from time to time evaluate the possibility to increase dividend distributions under appropriate circumstances to reward the Shareholders' support for the Group.

Since its listing in 2004, the Group has been continuously expanding its business scale as well as diversifying its iron and steel product categories and business portfolio. For the past 17 years (since listing), the Group's overall steel products production capacity has increased to approximately 10.0 million tonnes per annum from approximately 3.1 million tonnes per annum at the time of the listing. Categories of the steel products include H-section steel, sheet piling, strips and strip products, billets, cold rolled sheets and galvanised sheets as well as rebars. The Group is continuously developing products of different series and specifications to meet the market needs. Moreover, the H-section steel products manufactured by the Group maintain its leading position in China. The Group's business will continue to develop towards the goal of establishing the largest manufacturing base for section steel in the world, and to explore the extension of upstream and downstream sectors in the industry, in order to become a sizable enterprise with distinctive products. The Group will strive to take full advantage of the current solid financial condition and efficient management model to drive forward the green and continuous development of the Group and to maximise the Shareholders' value.

FINANCIAL REVIEW

Liquidity and Financial Resources

In order to sustain a stable financial status, the Group closely monitors its liquidity and financial resources.

As at 31 December 2020, the Group had unutilised banking facilities of approximately RMB7.2 billion (2019: RMB4.2 billion).

As at 31 December 2020, the current ratio of the Group, representing current assets divided by current liabilities, was 1.3 times (2019: 1.5 times) and the gearing ratio, representing total liabilities divided by total assets, was 52.4% (2019: 44.0%).

As at 31 December 2020, the cash and cash equivalents of the Group amounted to approximately RMB3,486 million (2019: approximately RMB4,631 million).

After considering its cash and cash equivalents as well as the banking facilities currently available to the Group, it is believed that the Group has sufficient capital to fund its future operations and for general business expansion and development.

Capital Structure

As at 31 December 2020, borrowings of RMB10,298 million of the Group bore fixed interest rates ranged from 0.58% to 7.50% per annum and borrowings of RMB983 million of the Group bore floating rates ranged from 0.99% to 5.25% per annum. The Group's exposure to changes in market interest rates was considered to be limited. The Group also entered into certain foreign currency forward contracts to manage its exposure to foreign currency exchange rates fluctuation. As at 31 December 2020, the notional amounts of these derivative instruments amounted to USD11 million.

The Group monitors its capital on the basis of the debt-to-capital ratio. This ratio is calculated as total debt divided by total capital. Total debt includes current and non-current borrowings, lease liabilities and loans from related parties. The Group regards its non-current borrowings, non-current lease liabilities and equity attributable to owners of the Company as its total capital. As at 31 December 2020, the debt-to-capital ratio of the Group was 48.4% (2019: 28.9%).

The consolidated interest expenses and capitalised interest in 2020 amounted to RMB367 million (2019: RMB141 million). The interest coverage (divide profit for the year before finance costs — net and income tax expense by total interest expenses) was 5.2 times (2019: 29.4 times).

Commitments

As at 31 December 2020, the Group had total commitments of RMB886 million (2019: RMB5,668 million). It is estimated the commitments will be financed by the Group's internal resources and available banking facilities.

Guarantee and Contingent Liabilities

As at 31 December 2020, the Group's contingent liabilities amounted to approximately RMB96 million (2019: nil), which was the provision of guarantee for engineering and trading in favour of third parties.

Pledge of Assets

As at 31 December 2020, the net book value of the Group's leasehold land and land use rights amounting to approximately RMB24 million (2019: RMB25 million), property, plant and equipment amounting to approximately RMB240 million (2019: RMB8 million), trade receivables amounting to RMB329 million (2019: nil), notes receivable amounting to approximately RMB86 million (2019: RMB62 million), structured bank deposits amounting to RMB1,000 million (2019: RMB1,200 million) and restricted bank balances amounting to approximately RMB3,637 million (2019: approximately RMB1,083 million) had been pledged as securities for the Group's notes payable issuing, bank borrowings, letters of credit issuing and letters of guarantee issuing.

Exchange Risks

Foreign exchange risk is the risk to the Group's financial conditions and results of operations arising from movements of foreign exchange rates. The Group mainly operates in the Mainland China with most of the transactions denominated and settled in RMB. The Group's foreign exchange risk primarily arises from the procurement of iron ore and the relevant products from overseas suppliers and the Group's foreign currency borrowings, which are denominated and settled in USD. Foreign exchange rates fluctuate in reaction to the macro-economic performance of different countries and fund flows between countries arising from trade or capital commitments. In view of the continuous fluctuation of the RMB exchange rate against USD, during the year ended 31 December 2020, the Group has entered into certain foreign currency forward contracts so as to reduce the impact of the volatility of the RMB exchange rate against USD. The Group also reviewed and rearranged its monetary assets to mitigate the impact from the change of RMB to USD exchange rate.

Iron Ore Futures

In view of the significant fluctuation of iron ore price in 2020, the Group has entered into certain iron ore future contracts so as to reduce the impact of the volatility of the iron ore price on the Group. The Group uses a combination of iron ore derivatives to achieve the above purpose.

Dividend

The Board proposed a final dividend of HK\$186.1 million (approximately RMB157.3 million), representing HK\$0.05 per ordinary share in respect of the year ended 31 December 2020 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 11 June 2021. The final dividend, payable on or around Thursday, 8 July 2021 is subject to approval of the shareholders of the Company at the forthcoming Annual General Meeting of the Company (the "AGM") to be held on Wednesday, 2 June 2021.

Material Acquisitions and Disposals and Post Balance Sheet Events

In July 2020, the Group completed the acquisition of 43,240,235 shares of HJT, representing approximately 15% of the issued shares of HJT at a consideration of approximately RMB639 million. Upon completing the acquisition, the Group holds approximately 30% in aggregate of the issued shares of HJT. In January 2021, Jinxi Limited entered into a share subscription agreement with HJT, pursuant to which Jinxi Limited conditionally agreed to subscribe not more than 50,870,865 newly issued shares of HJT at a subscription price of RMB7.51 per share, which, on a fully diluted basis, will result in the Group holding approximately 40.5% of the issued shares of HJT upon the completion of the subscription, realising the extension of the business chain to downstream. For details, please refer to the announcements of the Company dated 7 June 2020, 17 July 2020 and 13 January 2021.

In compliance with the production control measures under the “Notice on the Submission of Production Restriction and Emission Reduction Measures for Enterprises in the Iron and Steel Industry” (關於報送鋼鐵行業企業限產減排措施的通知) dated 19 March 2021 issued by the Office of the Steering Group for the Prevention and Control of Air Pollution in Tangshan City (唐山市大氣污染防治工作領導小組辦公室), Jinxi Limited has to restrict the production by 30% from 20 March 2021 to 31 December 2021. For further details, please refer to the announcement of the Company dated 22 March 2021.

Save as disclosed above, the Group did not have any other material acquisitions and disposals during the year ended 31 December 2020 and there are no events to cause material impact on the Group from the balance sheet date to the date of this announcement that should be disclosed.

Financial Assets at Fair Value Through Profit or Loss

As at 31 December 2020, the Group held financial assets at fair value through profit or loss of approximately RMB4,804 million, accounting for 10.8% of total assets, particulars of which are set out below:

Money Market Funds

Name of the financial assets	Number of units held as at 31 December 2020 ('000)	Investment cost as at 31 December 2020 (RMB'000)	Fair value as at 31 December 2020 (RMB'000)	Realised investment income/(loss) for the year ended 31 December 2020 (RMB'000)	Fair value to the total assets of the Group as at 31 December 2020
Harvest Fund Management Company Limited					
嘉實基金管理有限公司					
Harvest Express Monetary Market Fund*					
嘉實快線貨幣市場基金	30,999	30,999	31,049	9,135	0.07%
Harvest HuoQiBao Monetary Market Fund*					
嘉實活期寶貨幣市場基金	847	847	847	221	<0.01%
Harvest Monetary Market Fund*					
嘉實貨幣市場基金	125,132	125,132	125,246	2,107	0.28%

Name of the financial assets	Number of units held as at 31 December 2020 (<i>'000</i>)	Investment cost as at 31 December 2020 (<i>RMB'000</i>)	Fair value as at 31 December 2020 (<i>RMB'000</i>)	Realised investment income/(loss) for the year ended 31 December 2020 (<i>RMB'000</i>)	Fair value to the total assets of the Group as at 31 December 2020
Bosera Asset Management Company Limited					
博時基金管理有限公司					
Bosera Hehui Money Market Fund					
博時合惠貨幣市場基金	15,386	15,386	15,386	100	0.03%
Bosera Cash Pot Money Market Fund					
博時現金寶貨幣市場基金	24,646	24,646	24,646	4,077	0.06%
Bosera Security Cash Pot Money Market Fund					
博時外服貨幣市場基金	40	40	40	1	<0.01%
China Minsheng Banking Corp., Ltd.					
中國民生銀行股份有限公司					
HwaBao Cash Pot Monetary Market Fund*					
華寶現金寶貨幣市場基金	6,000	6,000	6,000	512	0.01%
Minsheng JiaYin Cash Pot Monetary Market Fund*					
民生加銀現金寶貨幣市場基金	10,000	10,000	10,000	464	0.02%
China Southern TianTianLi Monetary Market Fund*					
南方天天利貨幣市場基金	11,607	11,607	11,607	685	0.03%
Harvest Monetary Market Fund*					
嘉實貨幣市場基金	10,000	10,000	10,002	695	0.02%
Bank of Communications Co., Ltd.					
交通銀行股份有限公司					
HwaBao Cash Pot Monetary Market Fund*					
華寶現金寶貨幣市場基金	–	–	–	453	–
Aegon-Industrial Monetary Market Securities Investment Fund*					
興全貨幣市場證券投資基金	–	–	–	2,678	–
China Southern TianTianLi Monetary Market Fund*					
南方天天利貨幣市場基金	–	–	–	300	–
ZhongRong Fund Management Company Limited					
中融基金管理有限公司					
ZhongRong Cash ZengLi Monetary Market Fund*					
中融現金增利貨幣市場基金	5,558	5,558	5,558	4,273	0.01%
China Southern Asset Management Company Limited					
南方基金管理股份有限公司					
China Southern TianTianLi Monetary Market Fund*					
南方天天利貨幣市場基金	73,473	73,473	73,473	2,000	0.17%
Aegon-Industrial Fund Management Company Limited					
興証全球基金管理有限公司					
Aegon-Industrial Monetary Market Securities Investment Fund*					
興全貨幣市場證券投資基金	172,054	172,054	172,054	3,794	0.39%
HwaBao WP Fund Management Company Limited					
華寶基金管理有限公司					
HwaBao Cash Pot Monetary Market Fund*					
華寶現金寶貨幣市場基金	4,259	4,259	4,259	372	0.01%

Name of the financial assets	Number of units held as at 31 December 2020 (<i>'000</i>)	Investment cost as at 31 December 2020 (<i>RMB'000</i>)	Fair value as at 31 December 2020 (<i>RMB'000</i>)	Realised investment income/(loss) for the year ended 31 December 2020 (<i>RMB'000</i>)	Fair value to the total assets of the Group as at 31 December 2020
E Fund Management Co., Ltd.					
易方達基金管理有限公司					
E Fund Cash Enhance Income Money Market Fund					
易方達現金增利貨幣市場基金	–	–	–	1,948	–
E Fund Day Wealth Management Money Market Fund					
易方達天天理財貨幣市場基金	–	–	–	78	–
Others	–	–	–	26	–
HFT Investment Management Co., Ltd.					
海富通基金管理有限公司					
HFT TianYi Money Market Fund*					
海富通添益貨幣市場基金	–	–	–	4,359	–
China Merchants Bank					
招商銀行					
Aegon-Industrial Monetary Market Securities Investment Fund*					
興全貨幣市場證券投資基金	9,831	9,831	9,831	598	0.02%
China Universal Money Market Fund*					
匯添富貨幣市場基金	43,187	43,187	43,284	187	0.10%
Others	–	–	–	479	–
Minsheng Royal Fund Management Co., Ltd.					
民生加銀基金管理有限公司					
Minsheng JiaYin Cash Pot Monetary Market Fund*					
民生加銀現金寶貨幣市場基金	–	–	–	182	–
HuaAn Fund Management Co., Ltd.					
華安基金管理有限公司					
HuaAn Cash Pot Money Market Fund*					
華安現金寶貨幣市場基金	–	–	–	614	–
UBS SDIC Fund Management Co., Ltd.					
國投瑞銀基金管理有限公司					
UBS SDIC QianDuoBao Money Market Fund					
國投瑞銀錢多寶貨幣市場基金	–	–	–	765	–
E Fund Management (HK) Co., Limited					
E Fund (HK) US Dollar Money Market Fund	142	106,389	98,296	11	0.22%
Da Cheng International Asset Management Co., Ltd.					
Da Cheng Money Market Fund	1,456	105,921	98,626	–	0.22%
CCB Principal Asset Management Co., Ltd.					
建信基金管理有限責任公司					
CCB Principal Tiantianyi Money Market Fund*					
建信天添益貨幣市場基金	24,878	24,878	24,878	1,378	0.06%
Others	–	–	–	30	–
Others	50,000	50,000	50,000	4	0.11%

Investment strategies of money market funds

Harvest Fund Management Company Limited (嘉實基金管理有限公司)

Harvest Express Monetary Market Fund* (嘉實快線貨幣市場基金) tracks and analyses changes in market funds and investors trading behaviors and combines macro and micro studies to formulate its investment strategies. It seeks to achieve higher current returns while satisfying safety and liquidity needs.

Harvest HuoQiBao Monetary Market Fund* (嘉實活期寶貨幣市場基金) determines the average remaining period (long/medium/short) and distribution of its portfolio assets according to macroeconomic indicators (including mainly market capital supply and demand, interest rate levels and market expectations, inflation rates, GDP growth rates, money supplies, employment rates, international market interest rate level and exchange rate, etc.). It determines the investment ratios of each investment asset in the portfolio based on the liquidity nature of each asset (including mainly average daily trading volume, trading platforms, holdings of institutional investors, amount of repurchases and pledges, etc.). It determines portfolio risk level based on investment assets' credit rating and collaterals provided.

Harvest Monetary Market Fund* (嘉實貨幣市場基金) determines the remaining period (long/medium/short) and distribution of its portfolio assets according to macroeconomic indicators (including mainly interest rate levels, inflation rates, GDP growth rates, money supplies, employment rate level, international market interest rate level and exchange rate, etc.). It determines the investment ratios of each investment asset in the portfolio based on the liquidity nature of each asset (including mainly average daily trading volume, trading platforms, holdings of institutional investors, amount of repurchases and pledges, subdivision and conversion progress). It determines portfolio risk level based on bonds' credit rating and collaterals provided.

Bosera Asset Management Company Limited (博時基金管理有限公司)

Bosera Hehui Money Market Fund (博時合惠貨幣市場基金), Bosera Cash Pot Money Market Fund (博時現金寶貨幣市場基金) and Bosera Security Cash Pot Money Market Fund (博時外服貨幣市場基金) adopt active management style investment strategy. Subject to interest rate risk control, striving to minimise fund net asset value fluctuation risk and satisfying liquidity, they seek to maximise the fund return.

China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司)

HwaBao Cash Pot Monetary Market Fund* (華寶現金寶貨幣市場基金)'s investment strategy is (1) according to research macroeconomic indicators and interest rate changing trend, to determine the investment portfolio average duration; (2) while satisfying condition of investment portfolio average duration, to fully consider relevant product's return, liquidity and credit rating, to determine the portfolio allocation; (3) utilising modern financial analysis methodology and tools, in order to optimise the portfolio allocation result and to realise appreciation of the portfolio; (4) adopting methodologies of balanced distribution, rolling investment and optimising term allocation etc., to enhance the liquidity management; and (5) with real time monitoring of interest change of each product, to catch risk-free arbitrage opportunity.

Minsheng JiaYin Cash Pot Monetary Market Fund* (民生加銀現金寶貨幣市場基金)'s investment will be based on securing safety and liquidity of assets as fundamental principles, striving on the basis of full evaluation of factors such as domestic and foreign macroeconomic trends as well as monetary fiscal policy changes etc., it scientifically forecasts future interest rate trend as well as screens for the best and optimises allocation of financial instruments within the investment scope and performs active investment portfolio management.

China Southern TianTianLi Monetary Market Fund* (南方天天利貨幣市場基金) adopts active management style investment strategy, and on the basis of controlling interest rate risk, trying to minimise the fund's net asset value fluctuation risk and satisfying liquidity, it enhances the fund return.

Harvest Monetary Market Fund* (嘉實貨幣市場基金) determines the remaining period (long/medium/short) and distribution of its portfolio assets according to macroeconomic indicators (including mainly interest rate levels, inflation rates, GDP growth rates, money supplies, employment rate level, international market interest rate level and exchange rate, etc.). It determines the investment ratios of each investment asset in the portfolio based on the liquidity nature of each asset (including mainly average daily trading volume, trading platforms, holdings of institutional investors, amount of repurchases and pledges, subdivision and conversion progress). It determines portfolio risk level based on bonds' credit rating and collaterals provided.

Bank of Communications Co., Ltd (交通銀行股份有限公司)

HwaBao Cash Pot Monetary Market Fund* (華寶現金寶貨幣市場基金)'s investment strategy is (1) according to research macroeconomic indicators and interest rate changing trend, to determine the investment portfolio average duration; (2) while satisfying condition of investment portfolio average duration, to fully consider relevant product's return, liquidity and credit rating, to determine the portfolio allocation; (3) utilising modern financial analysis methodology and tools, in order to optimise the portfolio allocation result and to realise appreciation of the portfolio; (4) adopting methodologies of balanced distribution, rolling investment and optimising term allocation etc., to enhance the liquidity management; and (5) with real time monitoring of interest change of each product, to catch risk-free arbitrage opportunity.

Aegon-Industrial Monetary Market Securities Investment Fund* (興全貨幣市場證券投資基金) pursues steady cash returns through active stable investment in short term financial instrument of monetary market, seeking the best combination under risk and reward with a premise of securing safety of principal and adequate liquidity of assets. The fund comprehensively utilises multi-investment strategies of class configuration, target duration control, yield curve, choice of individual securities and arbitrage etc., to perform investment. The investment scope includes cash, call deposits, bank deposits with a term of within 1 year (including 1 year), bonds with a remaining term of within 397 days (including 397 days), central bank notes with a term of within 1 year (including 1 year), bond repurchases with a term of within 1 year (including 1 year), short-term financing vouchers as well as other monetary market instruments with good liquidity approved by the China Securities Regulatory Commission and the People's Bank of China.

China Southern TianTianLi Monetary Market Fund* (南方天天利貨幣市場基金) adopts active management style investment strategy, and on the basis of controlling interest rate risk, trying to minimise the fund's net asset value fluctuation risk and satisfying liquidity, it enhances the fund return.

ZhongRong Fund Management Company Limited (中融基金管理有限公司)

ZhongRong Cash Zengli Monetary Market Fund* (中融現金增利貨幣市場基金) follows the macroeconomic trends, monetary policy, short-term capital market conditions and other factors to make comprehensive judgement on interest rate trend, and dynamically adjusts the average remaining maturity of the fund's investment portfolio based on interest rate expectations, and strives to achieve higher profitability while satisfying security and liquidity needs.

China Southern Asset Management Company Limited (南方基金管理股份有限公司)

China Southern TianTianLi Monetary Market Fund* (南方天天利貨幣市場基金) adopts active management style investment strategy, and on the basis of controlling interest rate risk, trying to minimise the fund's net asset value fluctuation risk and satisfying liquidity, it enhances the fund return.

Aegon-Industrial Fund Management Company Limited (興証全球基金管理有限公司)

Aegon-Industrial Monetary Market Securities Investment Fund* (興全貨幣市場證券投資基金) pursues steady cash returns through active stable investment in short term financial instrument of monetary market, seeking the best combination under risk and reward with a premise of securing safety of principal and adequate liquidity of assets. The fund comprehensively utilises multi-investment strategies of class configuration, target duration control, yield curve, choice of individual securities and arbitrage etc., to perform investment. The investment scope includes cash, call deposits, bank deposits with a term of within 1 year (including 1 year), bonds with a remaining term of within 397 days (including 397 days), central bank notes with a term of within 1 year (including 1 year), bond repurchases with a term of within 1 year (including 1 year), short-term financing vouchers as well as other monetary market instruments with good liquidity approved by the China Securities Regulatory Commission and the People's Bank of China.

HwaBao WP Fund Management Company Limited (華寶基金管理有限公司)

HwaBao Cash Pot Monetary Market Fund* (華寶現金寶貨幣市場基金)'s investment strategy is (1) according to research macroeconomic indicators and interest rate changing trend, to determine the investment portfolio average duration; (2) while satisfying condition of investment portfolio average duration, to fully consider relevant product's return, liquidity and credit rating, to determine the portfolio allocation; (3) utilising modern financial analysis methodology and tools, in order to optimise the portfolio allocation result and to realise appreciation of the portfolio; (4) adopting methodologies of balanced distribution, rolling investment and optimising term allocation etc., to enhance the liquidity management; and (5) with real time monitoring of interest change of each product, to catch risk-free arbitrage opportunity.

E Fund Management Co., Ltd. (易方達基金管理有限公司)

E Fund Cash Enhance Income Money Market Fund (易方達現金增利貨幣市場基金) and E Fund Day Wealth Management Money Market Fund (易方達天天理財貨幣市場基金) utilise qualitative and quantitative analysis methodologies, through active investment in short term financial instruments, and on the basis of effective control of investment risk and maintenance of high liquidity, they strive to achieve investment returns higher than the performance benchmark. Their investment scope covers financial instruments with good liquidity, including cash; bank deposits, bond repurchases, central bank notes, interbank deposits with a term of within 1 year (including 1 year); bonds, debt financing instruments of non-financial institutions, asset-backed securities with a remaining term of within 397 days (including 397 days), as well as other monetary market instruments with good liquidity approved by the related laws and regulations, the China Securities Regulatory Commission and the People's Bank of China.

HFT Investment Management Co., Ltd. (海富通基金管理有限公司)

HFT TianYi Money Market Fund* (海富通添益貨幣市場基金) cautiously considers the profitability, liquidity and risk characteristics of different assets and strives to minimise different kinds of risk. Under the premises of controlling the investment portfolio with good liquidity, it gains a stable return for the investors. The major investments cover financial instruments, including (1) cash; (2) bank deposits, bond repurchases, central bank notes, interbank deposits with a term of within 1 year (including 1 year); (3) bonds, debt financing instruments of non-financial institutions, asset-backed securities with a remaining term of within 397 days (including 397 days); and (4) other monetary market instruments with good liquidity approved by the China Securities Regulatory Commission and the People's Bank of China.

China Merchants Bank (招商銀行)

Aegon-Industrial Monetary Market Securities Investment Fund* (興全貨幣市場證券投資基金) pursues steady cash returns through active stable investment in short term financial instrument of monetary market, seeking the best combination under risk and reward with a premise of securing safety of principal and adequate liquidity of assets. The fund comprehensively utilises multi-investment strategies of class configuration, target duration control, yield curve, choice of individual securities and arbitrage etc., to perform investment. The investment scope includes cash, call deposits, bank deposits with a term of within 1 year (including 1 year), bonds with a remaining term of within 397 days (including 397 days), central bank notes with a term of within 1 year (including 1 year), bond repurchases with a term of within 1 year (including 1 year), short-term financing vouchers as well as other monetary market instruments with good liquidity approved by the China Securities Regulatory Commission and the People's Bank of China.

China Universal Money Market Fund* (匯添富貨幣市場基金) integrates macro and micro analysis to formulate investment strategies. It strives to realise higher returns rate on the basis of satisfying safety and liquidity requirements. Using value analysis as basis, combining macro and micro, qualitative and quantitative, it realises value preservation and value adding for investors through professional liquidity management. It invests in financial instruments allowed for investment under the related laws and regulations and approved by regulators, including cash; bank deposits, bond repurchases, central bank notes, interbank deposits with a term of within 1 year (including 1 year); bonds, debt financing instruments of non-financial institutions, asset-backed securities with a remaining term of within 397 days (including 397 days), as well as other monetary market instruments with good liquidity approved by the China Securities Regulatory Commission and the People's Bank of China.

Minsheng Royal Fund Management Co., Ltd. (民生加銀基金管理有限公司)

Minsheng JiaYin Cash Pot Monetary Market Fund* (民生加銀現金寶貨幣市場基金)'s investment will be based on securing safety and liquidity of assets as fundamental principle, striving on the basis of full evaluation of factors such as domestic and foreign macroeconomic trends as well as monetary fiscal policy changes etc., it scientifically forecasts future interest rate trends as well as screens for the best and optimises allocation of financial instruments within the investment scope and performs active investment portfolio management.

HuaAn Fund Management Co., Ltd. (華安基金管理有限公司)

HuaAn Cash Pot Money Market Fund* (華安現金寶貨幣市場基金) determines the allocation ratios of different kinds of money market instruments and carries out active portfolio management according to market situation and capacity of investable varieties, on the basis of rigorous in-depth research analysis, comprehensively considering macroeconomic situation, market funds directions, credit ratings of debentures, credit quality of agreement deposits counterparties and the return rate of each type of the assets, etc.. On the basis of safeguarding fund asset's security and liquidity, it strives to create stable return for investors. The fund invests in financial instruments allowed for investment under the related laws and regulations and approved by regulators, including cash; bank deposits, bond repurchases, central bank notes, interbank deposits with a term of within 1 year (including 1 year); bonds, debt financing instruments of non-financial institutions, asset-backed securities with a remaining term of within 397 days (including 397 days), as well as other monetary market instruments with good liquidity approved by the China Securities Regulatory Commission and the People's Bank of China.

UBS SDIC Fund Management Co., Ltd. (國投瑞銀基金管理有限公司)

UBS SDIC QianDuoBao Money Market Fund (國投瑞銀錢多寶貨幣市場基金) carries out active investment portfolio management through mainly adopting liquidity management strategy and asset allocation strategy, as well as utilising trading strategies appropriately. Through in-depth analysis of factors of macroeconomic situation, fiscal and monetary policy and capital demand and supply situation of short-term capital market participants, etc., it makes reasonable estimates on short-term interest rate trends, and executes asset allocation strategy of mainly adjusting average duration of investment portfolio accordingly. When the expected short-term interest rates assume a downward trend, the fund will focus on allocating short-term financial instruments with relatively longer duration; otherwise, it will focus on allocating financial instruments with relatively shorter duration. The fund mainly invests in the following financial instruments, cash; bank deposits, bond repurchases, central bank notes, interbank deposits with a term of within 1 year (including 1 year); bonds, debt financing instruments of non-financial institutions, asset-backed securities with a remaining term of within 397 days (including 397 days), as well as other monetary market instruments with good liquidity approved by the China Securities Regulatory Commission and the People's Bank of China.

E Fund Management (HK) Co., Limited

E Fund (HK) US Dollar Money Market Fund's sole objective is to invest in short-term deposits and debt securities. The fund seeks to achieve a return in US Dollars in line with prevailing money market rates, with primary considerations of both capital security and liquidity. The fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its net asset value) in US Dollars-denominated and settled short-term deposits and debt securities issued by governments, quasi-governments, international organisations and financial institutions. The fund may invest up to 30% of its net asset value in non US Dollars-denominated deposits and debt securities. The fund may invest in commercial papers, certificates of deposits and commercial bills. Debt securities invested by the fund include but are not limited to government bonds, fixed and floating rate bonds. The fund will only invest in debt securities rated investment grade (BBB-/Baa3) or above by an independent rating agency, e.g. Fitch, Moody's and Standard & Poor's. A short-term debt security is considered investment grade if its credit rating is A-3 or higher by Standard & Poor's or F3 or higher by Fitch or P-3 or higher by Moody's or equivalent rating as rated by one of the international credit rating agencies.

Da Cheng International Asset Management Co., Ltd.

Da Cheng Money Market Fund seeks to achieve a return in US Dollars in line with a combination of RMB, HK Dollars and US Dollars money market rates, with primary considerations of both capital security and liquidity. The fund seeks to achieve its investment objective by investing primarily (i.e. not less than 70% of its net asset value) in RMB-denominated, HK Dollars-denominated and US Dollars-denominated and settled short-term deposits and high-quality monetary market instruments issued by governments, quasi-governments, international organisations and financial institutions. The asset allocation of the fund will change according to the manager's view of market conditions and the international investment trends and environment. The manager will compare the yield spread of monetary

market instruments denominated in different currencies (RMB, HK Dollars and US Dollars), and will take into consideration factors such as currency risk, liquidity, costs, timing of execution and the relative attractiveness of individual securities and issuers in the market. The fund may invest in commercial papers, certificates of deposits and commercial bills. The aggregate value of the fund's holding of instruments and deposits issued by a single entity will not exceed 10% of the total net asset value of the fund except under specified circumstances.

CCB Principal Asset Management Co., Ltd. (建信基金管理有限責任公司)

CCB Principal Tiantianyi Money Market Fund* (建信天添益貨幣市場基金) strives to achieve stable and outperforming investment returns while maintaining low risk and high liquidity of the assets of the fund. The fund will adopt active investment strategies such as individual securities selection strategy and interest rate strategy to explore and utilise investment opportunities provided by market imbalance to realise portfolio value appreciation under the premise of strict risk control. The fund will invest in the following financial instruments: 1. cash; 2. bank deposits, bond repurchases, central bank notes and interbank certificates of deposit with a term of within 1 year (including 1 year); 3. bonds, asset-backed securities and debt financing instruments of non-financial institutions with a remaining term of within 397 days (including 397 days); 4. other money market instruments with good liquidity as approved by laws and regulations or the China Securities Regulatory Commission and the People's Bank of China.

Financial Investment Products

Name of the financial assets	Number of	Investment	Fair value	Realised	Fair value
	units held as at	cost as at	as at	investment	to the total
	31 December	31 December	31 December	for the year	assets of the
	2020	2020	2020	ended	Group as at
	('000)	(RMB'000)	(RMB'000)	31 December	31 December
				2020	2020
				(RMB'000)	
China Minsheng Banking Corp., Ltd.					
中國民生銀行股份有限公司					
Feifan Asset Management TianYiJin Financial Investment Product*					
非凡資產管理天溢金理財產品	- ¹	65,700	65,700	2,180	0.15%
Others	-	-	-	71	-
China Construction Bank Corporation					
中國建設銀行股份有限公司					
QianYuan — TianTianYing Open-end RMB Financial Investment Product*					
乾元 — 天天盈開放式資產組合型人民幣理財產品	-	-	-	114	-
QianYuan — Weekly Open-end Guaranteed Financial Investment Product*					
乾元 — 周周利開放式資產組合型保本人民幣理財產品	- ¹	200	200	99	<0.01%
QianYuan — RiXinYueYi (Daily) Open-end RMB Financial Investment Product*					
乾元 — 日鑫月溢 (按日) 開放式資產組合型人民幣理財產品	- ¹	307,100	307,100	490	0.69%

Name of the financial assets	Number of units held as at 31 December 2020 (‘000)	Investment cost as at 31 December 2020 (RMB’000)	Fair value as at 31 December 2020 (RMB’000)	Realised investment income/(loss) for the year ended 31 December 2020 (RMB’000)	Fair value to the total assets of the Group as at 31 December 2020
CCB Wealth — “RuiXin” Institution Exclusive 1 Month Interval Financial Investment Product*					
建信理財「睿鑫」機構專享1個月定期理財產品	–	–	–	281	–
CCB Suzhou Branch “Qianyuan Xinyi Jiangnan” Non-capital Protected RMB Year 2020 Phase 171 Financial Investment Product*					
中國建設銀行蘇州分行「乾元鑫溢江南」非保本型人民幣2020年第171期理財產品	– ¹	2,310	2,310	374	0.01%
Agricultural Bank of China Limited					
中國農業銀行股份有限公司					
Agricultural Bank of China “BenLiFeng Daily” Open-end RMB Financial Investment Product*					
中國農業銀行「本利豐天天利」開放式人民幣理財產品	–	–	–	752	–
China Merchants Bank					
招商銀行					
China Merchants Bank — ZhaoZhaoJin (Multi-Stable) Financial Investment Plan*					
招商銀行 — 朝招金（多元穩健型）理財計劃	– ¹	22,500	22,500	679	0.05%
Bank of Communications Co., Ltd.					
交通銀行股份有限公司					
“YunTong Fortune • JiuJiuYangLao” RiYing* 「蘊通財富•久久養老」日盈					
Others	–	–	–	547	–
CSC Financial Co., Ltd.					
中信建投證券股份有限公司					
CSC Financial — GuYiLian No. 11 Assembled Assets Management Plan*					
中信建投證券 — 固益聯11號集合資產管理計劃	–	–	–	784	–
CM Wealth — GuYiLian No. 1 Assembled Assets Management Plan*					
招商財富 — 固益聯1號集合資產管理計劃	30,000	30,000	30,246	–	0.07%
China International Capital Corporation Limited					
中國國際金融股份有限公司					
ZhongJinDingYi No. 10 Sole Asset Management Plan*					
中金鼎益10號單一資產管理計劃	–	–	–	11,770	–
ZhongJinXinYi Collective Asset Management Plan*					
中金鑫益集合資產管理計劃	24,369	25,000	25,000	1,521	0.06%
AVIC Trust Company Limited					
中航信託股份有限公司					
AVIC TianQi #556 TianChengJuFu Combined Investment Fund Trust Plan*					
中航信託•天啟556號天誠聚富投資基金集合資金信託計劃	–	–	–	5,116	–

Name of the financial assets	Number of units held as at 31 December 2020 (<i>'000</i>)	Investment cost as at 31 December 2020 (<i>RMB'000</i>)	Fair value as at 31 December 2020 (<i>RMB'000</i>)	Realised investment income/(loss) for the year ended 31 December 2020 (<i>RMB'000</i>)	Fair value to the total assets of the Group as at 31 December 2020
CCB Trust Co., Ltd.					
建信信託有限責任公司					
HaiYun YangFan #3 Assembled Funds Trust Plan*					
海韻揚帆3號集合資金信託計劃	–	–	–	1,153	–
Others	– ¹	20,000	20,000	399	0.04%
Lujiazui International Trust Co., Ltd.					
陸家嘴國際信託有限公司					
Lujiazui Trust — ZhaoQi Assembled Funds Trust Plan*					
陸家嘴信託 — 招齊集合資金信託計劃	–	–	–	1,735	–
China Credit Trust Co., Ltd.					
中誠信託有限責任公司					
China Credit Trust ChengRong No. 34 Assembled Funds Trust Plan*					
中誠信託誠融34號集合資金信託計劃	–	–	–	185	–
Hebei Tangshan Rural Commercial Bank Co., Ltd.					
河北唐山農村商業銀行股份有限公司					
“FengHuangWenYing” Assembled Wealth No. 2020005*					
「鳳凰穩盈」聚富2020005號	–	–	–	5,599	–
ZhongRong International Trust Co., Ltd.					
中融國際信託有限公司					
ZhongRong Trust — XinRui #1 Structural Assembled Funds Trust Plan*					
中融信託 — 鑫瑞1號結構化集合資金信託計劃	–	–	–	823	–
China CITIC Bank Corporation Limited					
中信銀行股份有限公司					
China CITIC Win-win Series — Daily Trust Wealth Management Product*					
中信理財之共贏系列天天智信產品	–	–	–	341	–
Bank of Tianjin Co., Ltd.					
天津銀行股份有限公司					
“Kunpeng Wealth — (For Public) Daily Open-end Net Worth Phase 1” Financial Investment Product (For Public)*					
「鯤鵬財富一對公天天開放淨值型1期」對公理財產品	88,588	94,023	94,023	613	0.21%
Industrial and Commercial Bank of China Limited					
中國工商銀行股份有限公司					
ICBC Wealth Management • Tianlibao Private Banking Exclusive Open-end Net Value Financial Investment Product*					
工銀理財 • 添利寶私銀尊享開放淨值型理財產品	40,000	40,000	40,000	18	0.09%

Name of the financial assets	Number of units held as at 31 December 2020 (^{'000})	Investment cost as at 31 December 2020 (RMB ^{'000})	Fair value as at 31 December 2020 (RMB ^{'000})	Realised investment income/(loss) for the year ended 31 December 2020 (RMB ^{'000})	Fair value to the total assets of the Group as at 31 December 2020
China Minsheng Trust Co., Ltd.					
中國民生信託有限公司					
Zhixin No. 1003 Assembled Funds Trust Plan*					
至信1003號集合資金信託計劃	- ¹	50,000	50,000	-	0.11%
Xiamen International Trust Co., Ltd.					
廈門國際信託有限公司					
Xiamen Trust — Suijin No. 1 Assembled Funds Trust Plan*					
廈門信託 — 穗金1號集合資金信託計劃	- ¹	101,200	101,200	-	0.23%
Tebon Securities Co., Ltd.					
德邦證券股份有限公司					
Tebon Securities Jinrui No. 1 Sole Asset Management Plan*					
德邦證券津瑞1號單一資產管理計劃	50,000	50,000	51,090	-	0.11%
Others	14,976	15,000	15,027	-	0.03%
Others	- ¹	50,000	50,000	-	0.11%

Note:

- The investment is presented by way of fair value instead of units.

Investment strategies of financial investment products

China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司)

Feifan Asset Management TianYiJin Financial Investment Product* (非凡資產管理天溢金理財產品) adopts investment strategies with priority in security and liquidity while pursuing an appropriate level of returns. Accordingly, in order to meet safety and liquidity requirements, it will mainly invest in interbank bond market negotiable bonds, money market funds, bond funds in asset allocations, fund accounts with investment target in bonds or broker-oriented asset management plans, bank deposits, bond repurchases, etc.. On this basis, it will conduct reasonable allocations of debt assets, equity assets, other assets or asset combinations that comply with regulatory requirements, so as to further increase the return level.

China Construction Bank Corporation (中國建設銀行股份有限公司)

QianYuan — TianTianYing Open-end RMB Financial Investment Product* (乾元 — 天天盈開放式資產組合型人民幣理財產品) will invest in financial instruments such as central bank notes, debentures, bank notes and trust financing interests on the interbank bond market, so as to enable funds to realise higher returns than those of deposits.

QianYuan — Weekly Open-end Guaranteed Financial Investment Product* (乾元 — 周周利開放式資產組合型保本人民幣理財產品) invests in bonds and monetary market instruments assets and debt assets of national debts, financial bonds, central bank notes, short-term financing bonds of enterprises, ultra short-term financing bonds, medium-term notes, corporate debts, debentures, private placement debts, reverse repurchase of bonds, money lending, due from banks, etc., as well as other assets meeting compliance requirements.

QianYuan — RiXinYueYi (Daily) Open-end RMB Financial Investment Product* (乾元 — 日鑫月溢(按日)開放式資產組合型人民幣理財產品) invests in equity assets, debt assets, debentures and monetary market instrument assets and other asset portfolio which are in compliance with the regulatory requirements. The investment ratios of each type of the assets are: equity assets (0%–70%), debt assets (0%–70%), debentures and monetary market instrument assets (30%–100%), other asset portfolio which are in compliance with the regulatory requirements (0%–70%).

CCB Wealth “RuiXin” Institution Exclusive 1 Month Interval Financial Investment Product* (建信理財「睿鑫」機構專享1個月定開理財產品) adheres to the idea of value investment. Through management of asset portfolio, it achieves balance between the product’s security, liquidity and profitability. The product invests in the following financial instruments: 1. fixed income assets, including national debts, financial bonds, central bank notes, debentures, corporate bonds, private placement financing debt instruments, convertible bonds, exchangeable bonds, short-term financing bonds, medium-term notes, ultra short-term financing bonds, asset securitisation products (asset-backed securities, asset-backed notes), bond funds, fixed income securities of securities companies, non-standardised debt assets and other fixed income assets meeting compliance requirements issued and traded in inter bank markets and exchanges; 2. cash assets, including cash, bank deposits, interbank deposits, large-denomination negotiable certificates of deposits, monetary market funds, bond repurchases and other cash type assets meeting compliance requirements; 3. equity assets, including equities, equity funds (not including stock-pledged repurchases) and other equity type assets meeting compliance requirements; 4. other assets meeting compliance requirements. The investment ratios of each type of the assets are: the ratio for fixed income assets and cash assets is 80%–100%; the ratio for other assets is 0%–20%. The market value of a single security or a single publicly offered securities investment fund held by the product shall not exceed 10% of the net asset value of the product.

CCB Suzhou Branch “Qianyuan Xinyi Jiangnan” Non-capital Protected RMB Year 2020 Phase 171 Financial Investment Product* (中國建設銀行蘇州分行「乾元鑫溢江南」非保本型人民幣2020年第171期理財產品) invests in cash type assets, monetary market instruments, monetary market funds, standardised fixed income assets, non-standardised debt assets and other assets portfolios that comply with regulatory requirements under asset portfolio type RMB wealth management products. 1. cash type assets: including but not limited to demand deposits, time deposits and due from banks, etc.; 2. monetary market instruments: including but not limited to pledge-style repurchase agreement, sales and repurchase agreement, exchange agreement-style repurchase agreement, etc.; 3. monetary market funds; 4. standardised fixed income assets: including but not limited to national debts, central bank notes, interbank deposits, financial bonds, corporate bonds, debentures, medium-term notes, short-term financing bonds, ultra short-term financing bonds, private placement notes (PPN), asset-backed securities (ABS), asset-backed notes (ABN), etc.; 5. non-standardised debt assets; 6. other assets portfolios that comply with regulatory requirements. The investment

ratios of each type of the assets are as follows: 0%–80% for cash type assets, 0%–80% for monetary market instruments, 0%–30% for monetary market funds, 0%–80% for standardised fixed income assets, 0%–80% for non-standardised debt assets, and 0%–80% for other assets portfolios that comply with regulatory requirements. The specific proportion of each type of the assets is: 0%–80% for demand deposits, 0%–50% for time deposits, 0%–80% for pledge-style repurchase agreement, 0%–50% for sales and repurchase agreement, 0%–30% for exchange agreement-style repurchase agreement, 0%–30% for monetary market funds, 0%–50% for national debts, 0%–30% for convertible bonds, 0%–80% for other standardised fixed income type assets, 0%–80% for non-standardised debt assets 0%–80% and 0%–80% for other assets portfolios that comply with regulatory requirements.

Agricultural Bank of China Limited (中國農業銀行股份有限公司)

Agricultural Bank of China “BenLiFeng Daily” Open-end RMB Financial Investment Product* (中國農業銀行「本利豐天天利」開放式人民幣理財產品) mainly invests in inter bank and exchange market bonds, repurchases, borrowings (including national debts, financial bonds, central bank notes, letter of credit with relatively higher credit rating, private placement financing debt instruments, convertible bonds, etc.), monetary market funds, bond funds, other funds in low risk category, low risk interbank fund business, non-standard debt assets (including usufruct, entrusted debts, etc.), securities issued by asset managers as well as fixed income products issued by commercial banks or other qualified institutions. Among these, the ratio for investing in high liquidity assets (cash, repurchase, sovereign and quasi-sovereign debts as well as mid-high rating letter of credit, etc.) is 60%–100%. The ratio of investment class of monetary market funds, bond funds, other funds in low risk category, low risk interbank fund business is approximately 10%–30%. Non-standard debt assets and other investment classes contribute approximately 0%–10%. The above investment ratio could be adjusted upwards or downwards by a range of 10%.

China Merchants Bank (招商銀行)

China Merchants Bank — ZhaoZhaoJin (Multi-Stable) Financial Investment Plan* (招商銀行 — 朝招金(多元穩健型)理財計劃) is based on in-depth studying of domestic and foreign macroeconomic trends and impact of macroeconomic policies on the financial market. Through fixed income investment and trading strategies such as asset allocation, interest rate forecast strategies, carry trade, credit carry trade and short-term interest rate fluctuations, etc., the scheme effectively controls portfolio risk and provides customers with risk-matched returns. The scheme invests in the financial assets and financial instruments with higher credit ratings and good liquidity in the interbank and exchange markets, including but not limited to bonds, asset-backed securities, direct financing instruments for financial management, fund lending, reverse repurchases, bank deposits, interbank deposits, notes, brokerage income certificates, etc., and can invest through asset management plans such as trust plans and targeted asset management plans.

Bank of Communications Co., Ltd. (交通銀行股份有限公司)

“YunTong Fortune • JiuJiuYangLao” RiYing* (「蘊通財富 • 久久養老」日盈) adopts an investment strategy that prioritises safety and liquidity with consideration given to profitability. Its asset portfolio comprises a majority of assets such as bonds and money market instruments that have high liquidity and high investment grade, and strives to achieve stable returns through portfolio management.

CSC Financial Co., Ltd. (中信建投證券股份有限公司)

CSC Financial — GuYiLian No. 11 Assembled Assets Management Plan* (中信建投證券 — 固益聯11號集合資產管理計劃) pursues steady appreciation of the entrusted assets under the premises of effective risk control. The investments are fixed income assets which mainly comprised of debentures of short to medium duration. It carefully utilises leverage and strives for achieving stable portfolio return. The plan's investment scope covers 1. bonds: include national debts, central bank notes, financial bonds, local government debts, corporate debts, debentures (including public and private issued debentures), short-term financing bonds, ultra short-term financing bonds, medium-term notes, private placement financing debt instruments, subordinated bonds of securities companies, hybrid capital bonds, convertible bonds (including private varieties), exchangeable bonds (including private varieties), products for securitisation of publicly listed companies/credit assets (not investing in inferior grade), asset-backed notes (not investing in inferior grade). The above investment subjects include perpetual varieties; 2. deposits: include saving deposits, fixed deposits, deposit receipts, agreement deposits, interbank deposits; 3. repurchases: bond repurchases, bond reverse repurchases, including pledge-style repurchase transactions in exchanges; 4. derivatives: national debt futures; 5. publicly offered funds: money market funds and public bond funds (The aforesaid public funds include public funds managed by China Fund Management Co., Ltd.)

CM Wealth — GuYiLian No. 1 Assembled Assets Management Plan* (招商財富 — 固益聯1號集合資產管理計劃) makes investment by adopting and implementing the recommendations or advice on aspects including investment strategies, investment decisions, investment proposals, transaction arrangements, etc. from investment advisors under the premise of complying with the laws and regulations and contractual requirements, striving to achieve risk-based returns on assets. The investment scope of this plan includes interbank certificates of deposit, agreement deposits, interbank deposits, national debts, central bank notes, financial bonds, local government bonds, corporate bonds, debentures (including public and non-public debentures), short-term financing bonds, ultra short-term financing bonds, medium-term notes, private placement debt financing instruments, subordinated bonds of securities companies, subordinated bonds of commercial banks (including secondary capital bonds of commercial banks, undated capital bonds of commercial banks, etc.), hybrid capital bonds, convertible bonds (including private varieties), exchangeable bonds (including private varieties), products for securitisation of publicly listed companies/credit assets (excluding inferior grade, the assets of which do not involve nested asset management products, private equity funds and its usufructs), asset-backed notes (excluding inferior grade, the assets of which do not involve nested asset management products, private equity funds and its usufructs), bonds repurchases, bonds reverse repurchases, monetary market funds and public bond funds (including funds issued and managed by connected parties of asset managers) and national debt futures. The plan invests no less than 80% (at market value) of the plan's total assets in fixed income assets (including fixed income varieties, money market instruments and deposit instruments).

ZhongJinDingYi No. 10 Sole Asset Management Plan* (中金鼎益10號單一資產管理計劃)'s objective is stable return. Under the premises of strictly controlling risk and securing liquidity safety, the plan pursues continuous and steady appreciation of the entrusted asset during the entrusted period. The plan is sole asset management plan in fixed income category. The investment scope of entrusted assets covers: (1) fixed income assets: national debts, regular bonds of local governments, central bank notes, policy financial bonds, debentures (including non-public issued debentures), corporate debts, medium-term notes, short-term financing bonds, ultra short-term financing bonds, asset-backed securities (not including subordinated tranche), asset-backed notes (not including subordinated tranche), private placement financing debt instruments, convertible bonds, exchangeable bonds listed in the exchange and interbank market; bond repurchases, bond reverse repurchases; and (2) cash type assets: cash, bank deposits, interbank deposits, monetary market funds, etc.. The plan's investment restrictions include: 1. the bond issuer or debt rating shall not be lower than AA+; short-term financing bonds of issuer rating shall not be lower than AA+; if there is no rating for ultra short-term financing bonds, the issuer rating shall not be lower than AA+; regarding bonds with no issuer rating and no debt rating, unless there was written pre-approval of principal, it is not allowed to invest; 2. interbank deposits issuers rating shall not be lower than AA+; 3. no conversion for investing in convertible bonds and exchangeable bonds; 4. the investment sum in convertible bonds and exchangeable bonds shall not exceed 20% of the net asset value of the plan of previous day; 5. the plan's total asset value shall not exceed 200% of the plan's net asset value; 6. the plan cannot invest directly on credit assets of commercial banks; 7. other investments restricted by relevant laws and regulations, national policies and contracted restrictions in the agreement.

ZhongJinXinYi Collective Asset Management Plan*(中金鑫益集合資產管理計劃)'s objective is stable return. Under the premises of strictly controlling risk and securing liquidity safety, the plan pursues continuous and steady appreciation of the entrusted asset during the entrusted period. The plan is a fixed income category. The plan invests not less than 80% of the fund assets in debt assets such as deposits and bonds. The investment scope: (1) fixed income assets: national debts, regular bonds of local governments, central bank notes, policy financial bonds, debentures (including non-public issued debentures), corporate bonds, medium-term notes, short-term financing bonds, ultra short-term financing bonds, asset-backed securities (not including subordinated tranche), and asset-backed notes (not including subordinated tranche) listed in the exchange and interbank market; bond repurchases, bond reverse repurchases; and (2) cash type assets: cash, bank deposits, interbank deposits, monetary market funds, etc.. The plan's investment restrictions include: 1. investment in a single bond shall not exceed 20% of the assets of the collective plan; 2. the bond issuer or debt rating shall not be lower than AA+; the issuer of rating of short-term financing bonds shall not be lower than AA+; if there is no rating for ultra short-term financing bonds, the issuer rating shall not be lower than AA+; regarding bonds with no issuer rating and no debt rating, unless there was written pre-approval of principal, it is not allowed to invest; 3. the issuer rating of interbank deposits shall not be lower than AA+; 4. the total assets of the depositing bank for time deposits and agreement deposits shall not be less than RMB30 billion; and 5. the collective plan's total asset value shall not exceed 200% of the plan's net asset value.

AVIC Trust Company Limited (中航信託股份有限公司)

AVIC TianQi #556 TianChengJuFu Combined Investment Fund Trust Plan* (中航信託•天啟556號天誠聚富投資基金集合資金信託計劃) carries out diversified dynamic asset allocation of the trust asset investment with the principles of safety, efficiency and liquidity. The investment scope is: bank deposits, interbank borrowings, reverse repurchase of bonds, monetary market funds, bond funds, exchange and interbank market bonds, etc. and other products that the trustee confirmed in accordance with the trust deed. The asset under the trust shall not invest directly in secondary stock market, QDII products as well as high risk financial derivative products (including but not limited to stock index futures, stock futures, stock index forwards, stock forwards, etc.). It shall not invest in projects which do not comply with the national industry policy, the investment policy or the macroeconomic control policy.

CCB Trust Co., Ltd. (建信信託有限責任公司)

HaiYun YangFan #3 Assembled Funds Trust Plan* (海韻揚帆3號集合資金信託計劃) is to collect the trust funds delivered by the client and use it to issue liquidity trust loan to Qingdao Jinshui Holding Group Co., Ltd. (“**Qingdao Jinshui**”) to obtain income. The credit enhancement measures include: 1. Balance top-up: Qingdao Ronghai State-owned Capital Investment and Operation Co., Ltd. provides an irrevocable balance top-up guarantee for the repayment of principal and interest of Qingdao Jinshui’s trust loan; 2. Supervision of fund usage: Qingdao Jinshui opened a special fund supervision account at the Licang Sub-branch of China Construction Bank in Qingdao to receive trust loans and ensure that the use of funds which meets the declared purpose. Qingdao Jinshui was established on 26 July 2010. Its main business sectors include commodity trading, infrastructure construction, asset operation and investment, etc..

Lujiazui International Trust Co., Ltd. (陸家嘴國際信託有限公司)

Lujiazui Trust — ZhaoQi Assembled Funds Trust Plan* (陸家嘴信託 — 招齊集合資金信託計劃) is with a maturity of 59 days and maturing on 24 July 2020. The expected annualised return rate is 5.2%. The trust fund is used to provide debt financing to the borrower (Shangjun Business Factoring (Shanghai) Company Limited, with principal business of export factoring, domestic factoring, consulting service related to commercial factoring, credit risk management platform development), with guarantee by Shanghai Shimao Jianshe Co., Ltd. (“**Shimao Jianshe**”). Shimao Jianshe is a wholly owned subsidiary of Shimao Property Holdings Ltd. (“**Shimao Property**”), and is the most important property development business platform of Shimao Property onshore. Shimao Property was founded in 1994 and was listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) (“**Main Board**”) (stock code: 813) in July 2006. Its principal business is property development, investment and hotel operation in PRC. It was ranked ninth in sales amongst Chinese real estate companies in 2019. The investment principal and interests were fully settled upon maturity.

China Credit Trust Co., Ltd. (中誠信託有限責任公司)

China Credit Trust ChengRong No. 34 Assembled Funds Trust Plan* (中誠信託誠融34號集合資金信託計劃) acquired the claims of accounts receivable which were meeting certain standards held by Shengjing Guoxin (Beijing) Ecology Garden Company Ltd. (“**Shengjing Guoxin**”) (the principal business is design and construction of landscaping and related services). If the amount of accumulated actual receipts of accounts receivable is below the amount of the trustee’s expected receipts of accounts receivable, Shengjing Guoxin shall repurchase the accounts receivable from the trustee in an amount same with the difference of the aforesaid amount (“**Repurchase Obligation**”). The top up obligation of the balance of the Repurchase Obligation is guaranteed by Sino-Ocean Holding Group (China) Limited. Sino-Ocean Holding Group (China) Limited is a wholly owned subsidiary of Sino-Ocean Group Holdings Limited (“**Sino-Ocean Group**”). Sino-Ocean Group was founded in 1993 and was listed on the Main Board of the Stock Exchange (stock code: 3377) in September 2007. Its principal business is residential and integrated development, real estate development and operation, business collaboration and customer service. The investment principal and interests were fully settled in July 2020.

Hebei Tangshan Rural Commercial Bank Co., Ltd. (河北唐山農村商業銀行股份有限公司)
(“Tangshan Rural Commercial Bank”)

“FengHuangWenYing” Assembled Wealth No. 2020005* (「鳳凰穩盈」聚富2020005號) is a floating return, capital protected wealth management product issued by Tangshan Rural Commercial Bank. The term is 157 days, with an expected annual rate of return of 4.0% and risk rating of extremely low risk. The raised funds will be invested and managed by the wealth managing bank collectively. The investing scope and ratio are purchasing bonds of 10%–100% and 0%–10% of depositing and deposit funds (interbank borrowings, interbank deposits, etc.) of 0%–10%.

ZhongRong International Trust Co., Ltd. (中融國際信託有限公司)

Through investment in debts, equities, usufructs, debt plus equity, etc., ZhongRong Trust — XinRui #1 Structural Assembled Funds Trust Plan* (中融信託 — 鑫瑞1號結構化集合資金信託計劃) invests its trust funds to high-quality enterprises and projects of high-quality industries such as civil projects, energy, etc.. Or by means of joining the limited partnership as a limited partner, investing in trust beneficial rights, etc., it invests in other projects and products with controllable risks. The investee’s domicile shall locate in economically developed regions or in regions supported by the national policy such as midwest region, northeast industrial zone, etc.. The enterprises shall possess characteristics of having sufficiently large domestic market in industry, low industry concentration, high demand of internationalisation, etc.. The enterprises shall possess good growth and continuous profitability, be established on a certain scale, and have steady cashflows. The investment principal and interests were fully settled in July 2020.

China CITIC Bank Corporation Limited (中信銀行股份有限公司)

China CITIC Win-win Series — Daily Trust Wealth Management Product* (中信理財之共贏系列天天智信產品) invests in the financial assets and financial instruments with higher credit ratings and good liquidity in the interbank and exchange markets. The investment ratios of each type of the assets under this product are specified as follows: 30%–100% for cash, monetary market instruments including fund lending/bank deposits/repurchases, national debts, central bank notes, financial bonds, ultra short-term financing bonds, short-term financing bonds, corporate bonds, debentures, local government bonds, medium-term notes, private placement notes, large-denomination negotiable certificates of deposit, subordinated bonds, fixed income securities, asset-backed notes, asset-backed securities, asset-backed income securities, direct financing instruments for financial management and interest rate swap in RMB; 0%–10% for convertible bonds, preference shares and perpetual bonds; 0%–70% for credit assets, trust loans, entrusted loans, debt receivables, usufructs for debts, usufructs for trusts, usufructs (beneficial rights) for specific assets, note type assets and entrusted debts, etc..

Bank of Tianjin Co., Ltd. (天津銀行股份有限公司)

The investment scope of “Kunpeng Wealth — (For Public) Daily Open-end Net Worth Phase 1” Financial Investment Product (For Public)* (「鯤鵬財富 — 對公天天開放淨值型1期」對公理財產品) includes but is not limited to bonds (including national debts, central bank notes, financial bonds, local government bonds, corporate bonds, debentures, short-term financing bonds, ultra short-term financing bonds, medium-term notes, subordinated bonds, government supported institutes bonds, short-term debentures of securities companies, convertible bonds (including detachable convertible bonds), exchangeable bonds), etc.; asset-backed securities, direct financing instruments for wealth management, debt financing plans, bank certificates of deposit, interbank certificates of deposit, interbank deposits, bonds repurchases, cash and other fixed income assets, as well as financial products approved by regulatory authorities (including funds and asset management plans and trust plans with the abovementioned assets as investment subject), and other financial instruments for which banks are allowed to manage assets and in which to invest under the laws and regulations or by regulatory authorities. The investment ratios for this product: 30%–100% for monetary market instruments including cash, interbank deposits and repurchases and fixed income assets including national debts, policy-based financial bonds, local government bonds, interbank and exchange bond assets, asset-backed securities; and 0%–70% for financial products approved by regulatory authorities (including funds and asset management plans with the abovementioned assets as investment subject).

Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司)

ICBC Wealth Management • Tianlibao Private Banking Exclusive Open-end Net Value Financial Investment Product* (工銀理財•添利寶私銀尊享開放淨值型理財產品) is mainly invested in the following fixed income assets that meet the regulatory requirements, including but not limited to various types of bonds, deposits, monetary market funds, bond funds, pledge-style repurchase agreement and sales and repurchase agreement, bank acceptance notes investment, etc.. In compliance with regulatory requirements and with the control of various risks, we will flexibly adjust indicators such as the proportion of various assets categories, portfolio leverage ratio and duration based on market conditions, macroeconomic factors, regulatory policies, credit environment and other factors. At the same time, in terms of securities selection, we will increase the allocation to high-yield securities such as corporate credit bonds, asset-backed securities ABS, etc., as appropriate to increase income. The planned investment ratios of each type of the investment assets to the total investment assets are as follows: 100% of fixed income assets (monetary market instruments, bonds and other debt assets that comply with regulatory requirements).

China Minsheng Trust Co., Ltd. (中國民生信託有限公司)

Zhixin No. 1003 Assembled Funds Trust Plan* (至信1003號集合資金信託計劃) uses trust funds to purchase/revolve purchase from Sunac Hetai (Tianjin) Factoring Limited* (融創和泰(天津)商業保理有限公司) (“**Sunac Hetai**”) the receivables derived from the sale of commercial housing projects conducted by property project companies under Sunac Real Estate Group Co., Ltd* (融創房地產集團有限公司) (“**Sunac Group**”). The shortfall makeup of the principal amount and interest on the proceeds of the trust scheme will be unconditionally provided by Sunac Group. Sunac Hetai is a factoring company established by Sunac Group for the development of factoring business. It is mainly engaged in the factoring business of trade receivables. Sunac Group is the sole shareholder of the company. Sunac Group is a wholly-owned subsidiary of Sunac China Holdings Limited (“**Sunac China**”) in the PRC. It is the main operating platform of Sunac China in the PRC. Sunac China was established in 2003, and was listed on the Main Board of the Stock Exchange in October 2010 (stock code: 1918). It is mainly engaged in property development and investment, cultural and tourism city construction and operation, property management services and other businesses. Sunac China is ranked 5th among the Top 500 Overall Strength of Real Estate Development Enterprises in China 2021.

Xiamen International Trust Co., Ltd. (廈門國際信託有限公司)

The investment scope of Xiamen Trust — Suijin No. 1 Assembled Funds Trust Plan* (廈門信託 — 穗金1號集合資金信託計劃) is exchange-traded and interbank bonds, including but not limited to national debts, local government bonds, central bank notes, financial bonds, corporate bonds, public corporate bonds, (ultra) short-term financing bonds, medium-term notes, subordinated financial bonds, non-public corporate bonds, private placement notes, convertible bonds, exchange bonds, income certificates; trust plans; asset securitisation products, including but not limited to asset-backed securities and asset-backed notes listed on interbank, the Shenzhen Stock Exchange, the Shanghai Stock Exchange, inter-institutional private placement products quotation and service system, China Credit Assets Registry & Exchange Co., Ltd., Beijing Financial Assets Exchange, etc., private asset securitisation products (including but not limited to asset securitisation products issued under trust plans, asset management plans and special asset management plans). Idle funds may be used for bank deposits, interbank certificates of deposit, bond repurchases, monetary market funds, bank wealth management products and other low-risk and highly liquid financial products.

Tebon Securities Co., Ltd. (德邦證券股份有限公司)

Tebon Securities Jinrui No. 1 Sole Asset Management Plan* (德邦證券津瑞1號單一資產管理計劃) strives to preserve and enhance the value of the entrusted assets and provide stable investment returns for the asset trustees under the premise of effective control of investment risks. The plan adopts an active management investment strategy to determine and dynamically adjust the allocation ratio of credit assets, non-credit assets and bank deposits based on the analysis and diagnosis of macroeconomic conditions and financial market trends; determine the duration and class allocation of the bond portfolio from the top down; and select targets from the bottom up on the basis of rigorous and in-depth credit analysis in an effort to achieve steady growth of entrusted assets. This asset management plan mainly invests in: 1. priority of domestic legally issued asset-backed securities, asset-backed notes, corporate bonds (including public corporate bonds for public investors, public corporate bonds for qualified investors and non-public corporate bonds), subordinated bonds of financial institutions, corporate bonds, national debts, local government bonds, financial bonds (including policy financial bonds), central bank notes, short-term financing bonds, ultra short-term financing bonds, interbank certificates of deposit, medium-term notes, project income bonds, private placement notes, bond repurchases and other fixed income securities as permitted by laws and regulations; 2. other cash management tools such as bond reverse repurchases, bank demand deposits, monetary market funds, etc.. Investment ratios: (1) the allocation of debt assets such as the priority of investment in asset-backed securities, asset-backed notes, bonds and bank deposits in the total assets of the plan shall not be less than 80%. (2) the amount of investment in single asset-backed securities, asset-backed notes or credit bonds shall not exceed 25% of the plan's net value of the previous day and shall not exceed 25% of the issuance scale of that asset-backed securities, asset-backed notes or credit bonds. (3) the bond issuers or debts or guarantors of the debentures, corporate bonds, medium-term notes and other credit bonds (except short-term financing bonds) are rated AA or above, and the AA bonds issued by a single issuer account makes up not more than 10% of the total assets of the plan; The debt rating of short-term financing bonds is grade A-1. The above ratings do not adopt the rating results provided by China Bond Rating Co., Ltd.

Listed Bond Investments

Name of the financial assets	Number of units held as at 31 December 2020 ('000)	Investment cost as at 31 December 2020 (RMB'000)	Fair value as at 31 December 2020 (RMB'000)	Realised investment income/(loss) for the year ended 31 December 2020 (RMB'000)	Fair value to the total assets of the Group as at 31 December 2020
Beijing LeRui Asset Management Co., Ltd.					
北京樂瑞資產管理有限公司					
LeRuiQiangZhai No. 27 Securities Investment Private Equity Fund*					
樂瑞強債27號證券投資私募基金	5,149	235,797	239,555	335	0.54%
Shanghai Longlife Investment Co., Ltd.					
上海久期投資有限公司					
Longlife Jinxi Pure Bond No. 1 Private Equity Investment Fund*					
久期津西純債1號私募證券投資基金	1,031	125,624	125,316	7,441	0.28%
Shanghai JunXi Investment Management Co., Ltd.*					
上海君犀投資管理有限公司					
JunXi XiZhou No. 8 Private Equity Investment Fund*					
君犀犀舟8號私募證券投資基金	3,289	326,604	328,255	11,580	0.74%
China International Capital Corporation Limited					
中國國際金融股份有限公司					
ZhongJinDingYi No. 10 Sole Asset Management Plan*					
中金鼎益10號單一資產管理計劃	2,710	279,983	278,938	–	0.63%
CCB Principal Asset Management Co., Ltd.					
建信基金管理有限責任公司					
CCB Principal Fund JinYing No. 1 Sole Asset Management Plan*					
建信基金津盈1號單一資產管理計劃	2,761	285,879	285,380	2,879	0.64%
Others	–	–	–	(859)	–

Investment strategies of listed bond investments

Beijing LeRui Asset Management Co., Ltd. (北京樂瑞資產管理有限公司)

LeRuiQiangZhai No. 27 Securities Investment Private Equity Fund* (樂瑞強債27號證券投資私募基金) adopts a fixed income category allocation strategy to gain stable return, and through certain proportion of equity and derivative products asset allocation to enhance return. It uses fixed income assets such as good quality debentures as core assets to provide a safety cushion through stable return from bond interests. On this basis, it starts to implement “large scale asset allocation strategy”, and further extend portfolio assets to more risky asset categories of equity, derivative products, etc.. According to the risk-return profile of the targeted assets it intended to invest in and the changes in market conditions, it dynamically adjusts the investment ratio within a range to strive for realisation of continuous stable profit of account. LeRui “large scale asset allocation strategy” carries out large scale asset allocation

rotation by a top-down approach, realising achievement of higher investment return under the premise of bearing limited risks. The strategy considers the macroeconomic situation, financial market environment, market structure changes as well as financial instruments available for investment, supported by quantitative models, and it comprehensively analyses market interest rate trend, capital market demand and supply, credit risk situation as well as stock market trend, and estimates each asset class's risk-reward characteristics in long, medium and short term. It carefully chooses large scale assets with a relatively better risk-reward profile, constructs an allocation strategy which reflects large scale asset rotation characteristics. Calculated by cost, the fund invests not less than 80% of the total value of fund's asset in fixed income category assets and cash category assets, and not more than 20% of the total value of fund's asset in equity category assets. Using the higher of issuer or debt rating as basis, it cannot invest in debentures with rating lower than AA or short-term financing bonds with rating lower than A-1.

Shanghai Longlife Investment Co., Ltd. (上海久期投資有限公司)

Longlife Jinxi Pure Bond No. 1 Private Equity Investment Fund* (久期津西純債1號私募證券投資基金) uses bonds as major investment subject. During different economic cycles, from the three dimensions of interest rate (duration), credit, and fixed income to carry out asset allocation, it strives to obtain steady return independent of economic cycle. In the aspect of risk control and strengthening return, it calculates the basic return from bond interest income. It sets a strict risk limit according to basic return level, so as to control drawdown risk. Within the risk limit, it adopts the approach of adjusting the duration of bonds, searching for wrongly priced debentures and fixed income assets' equity attributes, etc. to obtain excess return over basic return. The restrictions of the fund include: 1. it must not invest the fund assets in small to medium enterprises' private placement debts; and 2. debt or issuer ratings of corporate debts, debentures, convertible bonds, detachable convertible bond must be AA or above; debt rating of short-term financing bonds of A-1 and issuer rating must be A+ or above; private exchangeable bonds can be without rating.

Shanghai JunXi Investment Management Co., Ltd. (上海君犀投資管理有限公司)*

JunXi XiZhou No. 8 Private Equity Investment Fund* (君犀犀舟8號私募證券投資基金) constructs its investment portfolio on the basis of in-depth research. Under the premises of strictly controlling the investment risks, it strives to obtain long term stable investment return. The fund will carry out top-down approach asset allocation according to macroeconomic analysis and changes in the overall market valuation level, lowering market risk and pursuing higher return at the same time. The investment scope includes stocks issued and listed on the Shanghai or Shenzhen Stock Exchange (limited to shares issued from the conversion of convertible bonds or exchangeable bonds only), bonds and asset-backed securities issued and traded in the Shanghai or Shenzhen Stock Exchange or interbank market, asset-backed notes issued and traded in interbank market, fixed income securities of securities companies, bond repurchases, pledge-style quoted repurchase agreement in the Shanghai or Shenzhen Stock Exchange, cash, bank deposits (including fixed deposits, agreement deposits, structured deposits and other bank deposits), publicly offered funds, bank financial investment products, asset management plans of securities companies, insurance companies and future companies, asset management plans for specific clients of fund managers, privately offered funds issued by privately offered securities investment fund manager who are registered and published on

the official website of the Asset Management Association of China. The investment restrictions of the fund include: 1. it must not invest in funds without custodian or safekeeping financial institutions (commercial banks, securities companies); 2. it must not invest in partnership shares without filings in the Asset Management Association of China; 3. it must not invest in subordinated share of structured financial product, and the priority rating of invested asset-backed securities and asset-backed notes shall be AAA; 4. the fund's total fund asset value shall not exceed 160% of fund net asset value; 5. it must not participate in the subscription of non-public issued shares in stock exchange; 6. the debt rating of invested debentures must be AA or above. If the invested debentures do not have a debt rating or their debt ratings do not reach AA or above, their issuer ratings shall be AA or above. Rate securities such as national debts, policy financial bonds, local debts, etc., are not restricted by ratings.

China International Capital Corporation Limited (中國國際金融股份有限公司)

ZhongJinDingYi No. 10 Sole Asset Management Plan* (中金鼎益10號單一資產管理計劃)'s objective is stable return. Under the premises of strictly controlling risk and securing liquidity safety, the plan pursues continuous and steady appreciation of the entrusted asset during the entrusted period. The plan is a sole asset management plan in fixed income category. The investment scope of entrusted assets covers: (1) fixed income assets: national debts, regular bonds of local governments, central bank notes, policy financial bonds, debentures (including non-public issued debentures), corporate debts, medium-term notes, short-term financing bonds, ultra short-term financing bonds, asset-backed securities (not including subordinated tranche), asset-backed notes (not including subordinated tranche), private placement financing debt instruments, convertible bonds, exchangeable bonds listed in the exchange and interbank market; bond repurchases, bond reverse repurchases; and (2) cash type assets: cash, bank deposits, interbank deposits, monetary market funds, etc.. The plan's investment restrictions include: 1. the bond issuer or debt rating shall not be lower than AA+; short-term financing bonds of issuer rating shall not be lower than AA+; if there is no rating for ultra short-term financing bonds, the issuer rating shall not be lower than AA+; regarding bonds with no issuer rating and no debt rating, unless there was written pre-approval of principal, it is not allowed to invest; 2. interbank deposits issuers rating shall not be lower than AA+; 3. no conversion for investing in convertible bonds and exchangeable bonds; 4. the investment sum in convertible bonds and exchangeable bonds shall not exceed 20% of the net asset value of the plan of previous day; 5. the plan's total asset value shall not exceed 200% of the plan's net asset value; 6. the plan cannot invest directly on credit assets of commercial banks; 7. other investments restricted by relevant laws and regulations, national policies and contracted restrictions in the agreement.

CCB Principal Asset Management Co., Ltd. (建信基金管理有限責任公司)

CCB Principal Fund JinYing No. 1 Sole Asset Management Plan* (建信基金津盈1號單一資產管理計劃) strives to achieve stable portfolio growth under the premise of portfolio risk control. Investment scope and ratios: fixed income assets: national debts, various types of financial bonds (including subordinated bonds), central bank notes, cash, deposits (including interbank deposits), large-denomination negotiable certificates of deposit, bond repurchases, bond reverse repurchases, interbank certificates of deposit, various types of debt financing

instruments registered with the National Association of Financial Market Institutional Investors (such as short-term financing bonds (including ultra short-term financing bonds)), medium-term notes, private placement debt financing instruments, company bonds (including non-public corporate bonds), corporate bonds (including non-public project income bonds (NPB) and other private placement types), asset-backed securities (no subordinated investments and the underlying assets must not be the usufructs of managed products), convertible bonds, exchangeable bonds (including private exchangeable bonds (EB)), monetary market funds, bond-type securities investment funds; the proportion of this plan's investment in fixed-income assets must not be less than 80% of the plan's total assets. Where laws and regulations relating thereto otherwise stipulate, such stipulations shall apply. The plan invests in bonds with bond issuer and debt (if any) rating not lower than AA+; and in convertible bonds and private exchangeable bonds (EB) with bond issuer and debt (if any) rating not lower than AA.

Investment Funds

Name of the financial assets	Number of units held as at 31 December 2020 ('000)	Investment cost as at 31 December 2020 (RMB'000)	Fair value as at 31 December 2020 (RMB'000)	Realised investment income/(loss) for the year ended 31 December 2020 (RMB'000)	Fair value to the total assets of the Group as at 31 December 2020
Shanghai QiuSheng Asset Management Co., Ltd.*					
上海秋晟資產管理有限公司					
QiuSheng Asset YanXi No. 1 Macro Hedging Private Equity Fund*					
秋晟資產言蹊1號宏觀對沖私募基金	172,872	176,406	201,551	16,083	0.45%
Jiu Ding Hua Xin (Beijing) Investment Fund Management Co., Ltd.					
九鼎華信(北京)投資基金管理有限公司					
Jiu Ding Hua Xin YiGuan No. 2 Private Equity Investment Fund*					
九鼎華信億觀2號私募證券投資基金	48,000	48,000	48,718	1,706	0.11%
Eternal Grand Investment Management Co., Ltd.					
深圳市恒泰融安投資管理有限公司					
Eternal Grand Collective Private Equity Investment Fund*					
恒泰融安集投私募證券投資基金	-	-	-	1,191	-
Bosera Asset Management Company Limited					
博時基金管理有限公司					
Bosera New Strategy Flexible-configuration Hybrid Fund					
博時新策略靈活配置混合型證券投資基金	26,600	30,000	38,998	-	0.09%
HFT Investment Management Co., Ltd.					
海富通基金管理有限公司					
HFT Retirement Income Balanced Fund					
海富通安頤收益混合型證券投資基金	15,940	20,643	24,787	(1,410)	0.06%

Name of the financial assets	Number of units held as at 31 December 2020 ('000)	Investment cost as at 31 December 2020 (RMB'000)	Fair value as at 31 December 2020 (RMB'000)	Realised investment income/(loss) for the year ended 31 December 2020 (RMB'000)	Fair value to the total assets of the Group as at 31 December 2020
Xinjiang Decent Zhiyuan Equity Investment Management Company Limited					
新疆鼎信智遠股權投資管理有限公司					
DGW Kunyuan No. 1 Private Equity Investment Fund					
鼎信長城坤源1號私募股權投資基金	–	–	–	7,907	–
Beijing Yuhua Fund Management Co., Ltd.					
北京譽華基金管理有限公司					
Yuhua Key & Core Technology (Tangshan) Equity Investment Fund (Limited Partnership)*					
譽華硬科技(唐山)股權投資基金(有限合伙)	20,000	20,000	20,000	–	0.04%
Beijing Huilong Capital Management Co., Ltd.					
北京惠隆資本管理有限責任公司					
Huilong Quantitative Exclusive No. 3 Private Securities Investment Fund*					
惠隆量化專享三號私募證券投資基金	30,000	30,000	30,540	–	0.07%
Jiaying Dingxin Zhiying Equity Investment Management Co., Ltd.					
嘉興鼎信智贏股權投資管理有限公司					
Dingxin Kunzhan No. 1 Private Equity Investment Fund*					
鼎信坤湛1號私募股權投資基金	– ¹	50,000	50,000	–	0.11%
Yinshang Huijin Investment Management Co., Ltd.					
烏蘭察布銀商匯金投資管理有限公司					
Yinshang Huijin — Qiji No. 1 Private Securities Investment Fund*					
銀商匯金 — 齊集1號私募證券投資基金	50,000	50,000	53,850	–	0.12%
Guotai Junan Securities Co., Ltd.					
國泰君安證券股份有限公司					
Ivolution Capital Yijun Phase 12 Private Securities Investment Fund*					
天演邑君12期私募證券投資基金	30,000	30,030	30,030	–	0.07%
Others	20,000	20,200	19,716	–	0.04%
Value Partners Hong Kong Limited					
Value Partners Intelligent Funds — Chinese Mainland Focus Fund					
	66	39,246	43,564	–	0.10%
Others	34,778	35,000	36,272	2,675	0.08%

Note:

- The investment is presented by way of fair value instead of units.

Investment strategies of investment funds

Shanghai QiuSheng Asset Management Co., Ltd. (上海秋晟資產管理有限公司)*

QiuSheng Asset YanXi No. 1 Macro Hedging Private Equity Fund* (秋晟資產言蹊1號宏觀對沖私募基金) constructs its investment portfolio based on in-depth research, striving to realise continuous steady appreciation of the fund assets. Regarding the investment strategies, (i) for futures: through three dimensions of time, room and volatility, it addresses the issues of strategic term, strategic room for profit and volatility during the term respectively. First, according to macroeconomic analysis model, considering information in currency, investment, financing, interest rate, inflation, treasury, consumption, industry operation, import and export trade, etc., it carries out long cycle time series analysis, builds up co-integration model of each of the macroeconomic indicators under different economic cycles, studies and judges the macroeconomic operation situation. Second, according to own industry fixed asset investment, production output level as well as middle and downstream industries' output, sales, inventory situation of different commodities, it carries out evaluation to each of the commodities' supply and demand status and analyses strengths and weaknesses. At the same time, it makes an evaluation on the trade indicators such as future basis, monthly price difference, contract volume, margin deposit changes, etc., at transaction level, and finally it establishes arbitrage and hedging transaction model; (ii) for equities: through analysing factors such as company's industry policy direction, industry concentration, industry competition threshold, company technology level in the industry, company financial status, company product market share, company research and development expense, etc., it seeks for equity targets having product price bargaining power, production cost competitive advantages or having relatively higher development potential.

Jiu Ding Hua Xin (Beijing) Investment Fund Management Co., Ltd. (九鼎華信(北京)投資基金管理有限公司)

Jiu Ding Hua Xin YiGuan No. 2 Private Equity Investment Fund* (九鼎華信億觀2號私募證券投資基金) strives for creating steady income and return for fund investors under the premises of strictly controlling investment risks. The fund's investment scope covers instruments with good liquidity, including domestic legally issued and listed stocks, new shares subscriptions, bonds, warrants, monetary market instruments, bank deposits, bank investment products, securities firms asset management products, stock index futures as well as other investment products approved by laws and regulations or the China Securities Regulatory Commission for fund investment. The investment strategies include (i) equity asset investment strategy — according to China economic social structural changes and trend, it adopts a top-down approach to invest in domestic legally issued and listed stocks, etc.; (ii) monetary market instruments investment strategy — based on in-depth research of domestic and foreign macroeconomic trend, monetary policy changing trend, capital market supply and demand, it analyses and judges the interest rate trend and comprehensively considers different investment products' profitability, liquidity and risk traits, thereby performing active management to the fund's asset portfolio; (iii) other strategies — according to market changes and manager's judgement, it invests in the contracted investment products, investment instruments, etc., within the fund's investment scope striving to achieve steady appreciation of fund assets.

Eternal Grand Investment Management Co., Ltd. (深圳市恒泰融安投資管理有限公司)

Eternal Grand Collective Private Equity Investment Fund* (恒泰融安集投私募證券投資基金) constructs investment portfolio based on in-depth research. Under the premises of strictly controlling the investment risks, it strives to obtain long term stable investment return. The fund will carry out quantitative hedging strategy according to macroeconomic analysis and overall market valuation level, at the same time participating in new share offline allotment of the Shanghai Stock Exchange including Science and Technology Innovation Board. It lowers market risk and pursues higher return at the same time. The investment scope includes stocks issued and listed on the Shanghai or Shenzhen Stock Exchange (including new share subscription), stocks within the scope of the Stock Connect for Southbound Trading, depository receipts issued and listed on the Shanghai or Shenzhen Stock Exchange, preference shares issued and listed on stock exchange, bonds and asset-backed securities issued and trade in the Shanghai or Shenzhen Stock Exchange or interbank market, asset-backed notes issued and traded in interbank market, fixed income securities of securities companies, bond repurchases, pledge-style quoted repurchase agreements in the Shanghai or Shenzhen Stock Exchange, cash, bank deposits (including fixed deposits, agreement deposits, structured deposits and other bank deposits), interbank deposits, margin trading and short selling, refinancing securities lending (that is the fund use its holding securities as underlying of short sale lending to securities finance companies), stock index futures, commodities futures, national debts futures, stock options and commodities options listed in stock exchange and future exchange, warrants listed in stock exchange, contracts listed on the Shanghai Gold Exchange, publicly offered funds and bank investment products.

Bosera Asset Management Company Limited (博時基金管理有限公司)

Bosera New Strategy Flexible-configuration Hybrid Fund (博時新策略靈活配置混合型證券投資基金) strives to obtain long-term continuous stable investment return for fund holders, through organic combination of multiple investment strategies, under the premises of effective risk controls. The fund's investment targets are financial instruments with good liquidity, including equity financial instruments such as domestic legally issued and listed stocks (including Small and Medium Enterprise Board, Growth Enterprise Market and other stocks approved for listing by the China Securities Regulatory Commission), warrants, stock index futures, etc., as well as fixed income financial instruments such as bonds, etc., and other financial instruments approved by laws and regulations or the China Securities Regulatory Commission for fund investment (must comply with the China Securities Regulatory Commission's relevant regulations). The fund's investment portfolio ratio is stock assets contributing 0%–95% of fund asset. The small to medium enterprises' private debts contributes not higher than 20% of the fund's net asset value. The fund's stock investment uses qualitative and quantitative analysis as basis, carrying out investment with the fundamental analysis.

HFT Investment Management Co., Ltd. (海富通基金管理有限公司)

HFT Retirement Income Balanced Fund (海富通安頤收益混合型證券投資基金) insists on flexible asset allocation. Based on strict control of downside risk, it actively grasps investment opportunities in the stock market, ensuring asset protection and appreciation, realising the objective of beating absolute return benchmarks and providing a steady pension wealth

management instrument for investors. The fund's investment scope covers financial instruments with good liquidity, including domestic legally issued and listed stocks (including Small and Medium Enterprise Board, Growth Enterprise Market and other stocks approved for listing by the China Securities Regulatory Commission), bonds, bank deposits, monetary market instruments, warrants, stock index futures as well as other financial instruments approved by laws and regulations or the China Securities Regulatory Commission for fund investment (must comply with the China Securities Regulatory Commission's relevant regulations). The fund comprehensively utilises flexible and disciplined asset allocation strategies, segment allocation and individual stock selection strategies, return management and stop-loss strategies, etc., dynamically controlling the portfolio risk by utilising derivative products such as stock index futures, etc. at the same time. The fund's investment portfolio ratio is stock investment contributing 0%–95% of the fund assets.

Xinjiang Decent Zhiyuan Equity Investment Management Company Limited (新疆鼎信智遠股權投資管理有限公司)

DGW Kunyuan No. 1 Private Equity Investment Fund (鼎信長城坤源1號私募股權投資基金) mainly invests in the equity of Yangzhou Yuanrong Real Estate Co., Ltd (揚州源融置業有限公司) (“**Yangzhou Yuanrong**”). Under the premise of strictly controlling risks, the fund maximises the steady appreciation of the fund's assets. During the idle period of funds, the fund may invest in bank deposits (including time deposits, agreement deposits, etc.) and monetary funds. The expected duration of the fund is no more than two years. Yangzhou Yuanrong is a joint establishment of Jiangsu New Energy Real Estate Group Co., Ltd. (江蘇新能源置業集團有限公司) (“**New Energy Real Estate**”) and Sunac China Holdings Limited (融創中國控股有限公司) (“**Sunac China**”). It is currently developing the construction project of “Shuxiang Yipin” (書香一品) in the humanities community located at the intersection of Development West Road and Xiangyuan Road in Yangzhou High-tech Zone. New Energy Real Estate was established in May 1996 with a registered capital of RMB200 million. Its business scope includes housing development (limited to the scope of construction of first-tier qualified enterprises), accommodation services, etc.. In 2005, it was approved by the Ministry of Construction to obtain first-class qualification for real estate development. It has successfully developed various real estate projects in Yangzhou, Beijing and Taixing. Sunac China was established in 2003 and was listed on the Main Board of the Stock Exchange (stock code: 1918) in October 2010. Its business covers mid-to-high-end residential, cultural tourism, industrial real estate, commercial real estate, hotels, property services, production and distribution of cultural and entertainment content, film and television filming integration services, etc..

Beijing Yuhua Fund Management Co., Ltd. (北京譽華基金管理有限公司)

Yuhua Key & Core Technology (Tangshan) Equity Investment Fund (Limited Partnership)* (譽華硬科技(唐山)股權投資基金(有限合伙)) realises capital appreciation of the fund and creates satisfactory investment return for investors by carrying out equity or equity related investments. The fund gives priority to investing in enterprises in Tangshan and enterprises importing related technology industry to Tangshan, and mainly invests in emerging industry with large development potential such as new generation information technology, high-end equipment manufacturing, new materials, etc..

Beijing Huilong Capital Management Co., Ltd. (北京惠隆資本管理有限責任公司)

Huilong Quantitative Exclusive No. 3 Private Securities Investment Fund* (惠隆量化專享三號私募證券投資基金) strives to achieve steady growth in its assets under the equity fund under the premise of risk control. The Fund's investment scope includes: 1. stocks issued and listed in the PRC under the law, companies' shares listed and traded in the National Equities Exchange and Quotations (stocks on the New Third Board), depositary receipts, securities issued by the Hong Kong Stock Exchange and various overseas exchanges that are approved by regulatory authorities for investment by domestic investors, public securities investment funds, bonds and different types of fixed income instruments (including but not limited to national debts, central bank notes, bank debentures, local government bonds, debentures, corporate bonds, convertible bonds, exchangeable bonds, convertible bonds with an attached warrant, SME private bonds, subordinated debentures, medium-term notes, short-term financing bonds, ultra short-term financing bonds, interbank deposits, private placement debt financing instruments), asset-backed securities, asset-backed notes, monetary market instrument (monetary market funds, asset management plans for cash management, etc.), repurchase and reverse repurchase agreements, margin trading and short selling, refinancing, futures, exchange-traded options, warrants, returns swap (including cross-border returns swap), other standardised trading products traded on trading venues agreed by the State Council and other standardised trading products recognised by other regulatory bodies, contracts and products listed on the Shanghai Gold Exchange; 2. private financial products: trust schemes, asset management schemes of securities companies and their subsidiaries on fund management, asset management schemes of fund managers and their subsidiaries, asset management schemes of insurance companies and their subsidiaries, private equity investment funds issued by private fund management institutions and managed by custodians (including private securities investment funds issued by fund managers). The fund focuses on quantitative investment strategies such as quantitative equity hedging and high-frequency statistical arbitrage on derivatives as its primary strategy. The risk-return profile would be evaluated based on various products' liquidities and the changes in the volatility rate in different markets. Under certain risk conditions, it seeks for allocation to maximise its expected return.

Jiaxing Dingxin Zhiying Equity Investment Management Co., Ltd. (嘉興鼎信智贏股權投資管理有限公司)

Dingxin Kunzhan No. 1 Private Equity Investment Fund* (鼎信坤湛1號私募股權投資基金) has an expected term of one year and an expected yield of 8.2% per annum. The investment fund indirectly holds part or all of the equity interest in Suqian Xiangyue Real Estate Development Company Limited (宿遷祥越房地產開發有限公司) ("**Suqian Xiangyue**") through an investment in Suqian Jining Enterprise Management Consulting Company Limited (宿遷暨寧企業管理諮詢有限公司) ("**Suqian Jining**"). Suqian Xiangyue owns a real estate development project in Suyu District, Suqian City, and upon maturity such investment will be repurchased by Nanjing Shinsun Century Real Estate Development Co., Ltd. (南京祥生世紀房地產開發有限公司), a subsidiary of Shinsun Holdings (Group) Co., Ltd. (祥生控股(集團)有限公司) ("**Shinsun Holdings Group**") and the repurchase is guaranteed by Shinsun Holdings Group. Shinsun Holdings Group, which was listed on the Main Board of the Stock Exchange in November 2020 (stock code: 2599), is principally engaged in property development, property leasing, hotel operation and provision of property management services and is ranked 28th in the Top 500 Overall Strength of Real Estate Development Enterprises in China 2021.

Yinshang Huijin Investment Management Co., Ltd. (烏蘭察布銀商匯金投資管理有限公司)

Yinshang Huijin — Qiji No. 1 Private Securities Investment Fund* (銀商匯金 — 齊集1號私募證券投資基金) aims to construct its investment portfolio on the basis of in-depth research. Under the premise of strict control of investment risks, it strives to obtain long-term stable investment returns. The investment scope includes stocks issued and listed on the Shanghai or Shenzhen Stock Exchange (including new shares subscriptions, non-public issued shares of listed companies, stocks within the scope of the Stock Connect for Southbound Trading, depository receipts issued and listed on the Shanghai or Shenzhen Stock Exchange, preference shares issued and traded in the Shanghai or Shenzhen Stock Exchange, bonds and asset-backed securities issued and traded in the Shanghai or Shenzhen Stock Exchange or interbank market, asset-backed notes issued and traded in interbank market, fixed income securities of securities companies (including non-principal-guaranteed income securities), bond reverse repurchases, pledge-style quoted repurchase agreement in the Shanghai or Shenzhen Stock Exchange, cash, bank deposits (including time deposits, demand deposits, agreement deposits, structured deposits and other bank deposits), interbank certificates of deposit, margin trading and short selling, refinancing securities lending (i.e. securities held in the fund as underlying of short sale lending to securities finance companies), options and futures listed on the Shanghai or Shenzhen Stock Exchange and futures exchanges, warrants traded in stock exchanges, contracts listed on the Shanghai Gold Exchange, publicly offered funds, bank financial investment products, asset management plans of securities companies and their subsidiaries, asset management plans for fund managers and their subsidiaries, privately offered funds issued by privately offered securities investment fund manager who are registered and published on the official website of the Asset Management Association of China. The fund will carry out asset allocation by a top-down approach according to macroeconomic analysis and changes in the overall market valuation level, lower market risk and pursue higher return at the same time.

Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司)

Ivolution Capital Yijun Phase 12 Private Securities Investment Fund* (天演邑君12期私募證券投資基金) aims to construct an investment portfolio based on in-depth research and to achieve long-term stable investment returns under the premise of strict control of investment risks. The scope of investment is stocks (including new share subscriptions) listed on the Shanghai or Shenzhen Stock Exchange, bond reverse repurchases, cash, bank demand deposits, margin trading and short selling, stock options and stock index options listed on the Shanghai or Shenzhen Stock Exchange and futures exchanges, stock index futures, convertible bonds and public funds. The fund is a hybrid multi-strategy product with a market-neutral strategy as the primary focus, supplemented by quantitative strategies for assets of other classes.

Value Partners Hong Kong Limited

Value Partners Intelligent Funds — Chinese Mainland Focus Fund is a sub-fund of Value Partners Intelligent Funds. The sub-fund aims to achieve medium to long-term capital appreciation by investing primarily in investments which are related to mainland China. The sub-fund will focus primarily on mainland China and at least 70% of the sub-fund's latest available net asset value will be on investments related to mainland China at all times. The sub-fund may also invest, on an ancillary basis (up to 30% of the sub-fund's latest available net asset value), in other markets where opportunities can be identified. It is the current intention of the manager that the sub-fund invests at least 70% of its latest net asset value in equity securities. Also, the sub-fund may invest less than 30% of its latest net asset value in debt securities. The investment targets of the sub-fund may include RMB-denominated corporate and government bonds, listed or unlisted shares issued by companies whose assets and/or revenues are principally denominated in RMB and/or whose costs or liabilities are principally denominated in US dollars. Investment targets may also include A Shares whether directly through the QFII Holder's QFII Quota and the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect (collectively the "Stock Connects"), or indirectly through China A Shares Access Products ("CAAPs"), B Shares and H Shares. The investment targets of the sub-fund may also include shares of companies listed in Hong Kong or on stock exchanges elsewhere whose shares may not be denominated in RMB but whose business is closely linked with mainland China (in that they are considered by the manager to be companies which have the majority of their assets situated in, or the majority of their income derived from operations in, mainland China).

Listed Equity Interests

Name of the financial assets	Number of units held as at 31 December 2020 (^{'000})	Investment cost as at 31 December 2020 (RMB ^{'000})	Fair value as at 31 December 2020 (RMB ^{'000})	Realised investment income/(loss) for the year ended 31 December 2020 (RMB ^{'000})	Fair value to the total assets of the Group as at 31 December 2020	Dividend income for the year ended 31 December 2020 (RMB ^{'000})
Chinacity EDU Fund I L.P.	–	–	–	109,234	–	–
China Risun Group Limited	approximately 87.58 million shares	128,161	202,442	5,417	0.45%	5,417
Vanho Securities Co., Ltd. 萬和證券股份有限公司						
Hunan Valin Steel Co., Ltd.	5,177	25,541	24,747	–	0.06%	–
Others ¹	1,050	5,250	4,975	109	<0.01%	–
Others ¹	5,582	72,966	82,849	(3,156)	0.19%	555

Note:

- The number of shares held by the Group in each of the companies represents less than 1% of their issued shares.

Investment strategies of listed equity interests

Chinacity EDU Fund I L.P.

During the year ended 31 December 2018, the Company subscribed for approximately 1.57% of the enlarged registered capital of Koolearn Technology Holding Limited (“**Koolearn**”) through Chinacity EDU Fund I L.P., at a cash consideration of USD16.75 million. As at 31 December 2019, the Company held approximately 0.92% of the registered capital of Koolearn through Chinacity EDU Fund I L.P.. Koolearn’s operating entity is Beijing New Oriental Xuncheng Network Technology Inc., which was incorporated in 2005. Its first product released was the online education platform, Koolearn. Today, Koolearn develops into an online education platform providing education products for college, K-12, pre-school and institutional clients, from an initial pure online foreign examination preparation service provider. Koolearn was listed on the Main Board of the Stock Exchange on 28 March 2019 with stock code 1797. During the year ended 31 December 2020, the Group disposed the investment in Koolearn and realised an investment income of approximately RMB109 million.

China Risun Group Limited (“Risun Group”)

During the year ended 31 December 2018, the Company subscribed for approximately 24.80 million shares of Risun Group, representing approximately 2.58% of its enlarged registered capital, at a cash consideration of approximately RMB128 million. As at 31 December 2020, the Company held approximately 2.14% of the registered capital of Risun Group. Risun Group was incorporated in 1995. It is a large scale enterprise group with principal business of manufacturing, and domestic and foreign trading of coal chemical products. It is a leading enterprise in China’s coke and coal chemicals, also being one of the major suppliers of coke of the Group. Risun Group was listed on Main Board of the Stock Exchange on 15 March 2019 with stock code 1907. During the year ended 31 December 2020, there was dividend income of RMB5.417 million received from Risun Group, which is classified as realised investment income.

Vanho Securities Co., Ltd. (萬和證券股份有限公司)

In 2020, the Group made direct short-term equity investments on the stock exchange, with a cap of RMB100 million, to acquire shares of individual listed companies with competitive advantages in the steel or related industries and with relatively attractive stock prices. The major investment targets included Hunan Valin Steel Co., Ltd. (“**Valin Steel**”) (湖南華菱鋼鐵股份有限公司) and a number of other companies listed on the A-share market in the PRC.

During 2020, the Group acquired shares of Valin Steel, a company listed on the Shenzhen Stock Exchange (stock code: 000932), directly from the open market on the exchange as equity investment. As at 31 December 2020, the shares of Valin Steel held by the Group represented approximately 0.08% of its registered share capital. Valin Steel is principally engaged in the production and sale of steel products with production bases established in Xiangtan, Loudi and Hengyang in Hunan Province and Yangjiang in Guangdong Province. It processes technical equipment for the entire process of coking, sintering, ironmaking, steelmaking, rolling mill and steel deep processing, etc. It is one of the top ten steel enterprises in the PRC with leading primary equipment and production technology. According to its published information, Valin Steel expected to produce 25.16 million tonnes of steel in 2020, an increase of 9.95% year-on-year.

The principal business of the other PRC A-share listed companies in the portfolio is mainly steel industry. The number of shares held by the Group in each of the companies represents less than 1% of their issued shares and the market value of each individual security is not more than 5% of the market value of the Group's listed equity interests investment portfolio.

Bond Market Funds

Name of the financial assets	Number of units held as at 31 December 2020 (<i>'000</i>)	Investment cost as at 31 December 2020 (<i>RMB'000</i>)	Fair value as at 31 December 2020 (<i>RMB'000</i>)	Realised investment income/(loss) for the year ended 31 December 2020 (<i>RMB'000</i>)	Fair value to the total assets of the Group as at 31 December 2020
Sculptor Capital Management, Inc.					
Sculptor Institutional Income Overseas Fund, L.P.	–	–	–	9,080	–
Invesco Hong Kong Limited					
Invesco Global Investment Grade Corporate Bond Fund	803	70,626	71,114	–	0.16%
SPDB International Investment Management Limited and SPDB International Securities Limited					
Pu Yin Hong Kong Multipurpose Fund	30	210,174	198,740	–	0.45%
Prudence Investment Management (Hong Kong) Limited					
Prudence Enhanced Income Fund	20	105,980	107,380	–	0.24%
China Universal Asset Management Company Limited					
匯添富基金管理股份有限公司					
China Universal Short Term Bond Securities Investment Fund*					
匯添富短債債券型證券投資基金	100,000	100,000	100,831	567	0.23%
Shanghai Huaxia Fortune CCI Capital Ltd.					
上海華夏財富投資管理有限公司					
Huaxia Short Term Bond Securities Investment Fund*					
華夏短債債券型證券投資基金	100,000	100,000	98,181	3,009	0.22%
Da Cheng Fund Management Co., Ltd.					
大成基金管理有限公司					
Da Cheng JingAn Short Term Financing Bond Securities Investment Fund*					
大成景安短融債券型證券投資基金	100,000	100,000	101,344	–	0.23%
Lombarda China Fund Management Co., Ltd.					
中歐基金管理有限公司					
Lombarda China Short Term Bond Securities Investment Fund*					
中歐短債債券型證券投資基金	100,000	100,000	94,379	6,876	0.21%
E Fund Management (HK) Co., Limited					
E Fund (HK) Select Bond Fund	820	64,733	65,470	–	0.15%
Others	–	–	–	2,575	–
BOCHK Asset Management Limited					
BOCHK All Weather Short Term Bond Fund	957	70,521	65,943	–	0.15%

Investment strategies of bond market funds

Sculptor Capital Management, Inc.

Sculptor Institutional Income Overseas Fund, L.P. is the feeder fund for U.S. Tax Exempt and Non-U.S. investors of Sculptor Institutional Income Master Fund, L.P. (together, the “**Sculptor Fund**”). The Sculptor Fund seeks to generate risk-adjusted returns across the market cycle by combining rigorous fundamental analysis and active portfolio management. In addition, in respect of the distribution tranches, it also intends to make quarterly distributions of all or a portion of the current income that includes cash dividends, interest and other similar cash proceeds. The Sculptor Fund’s investment objective is to invest on an unlevered basis predominantly in U.S. dollar-denominated senior secured loans, or participation interests therein, senior secured notes, second lien loans, unsecured loans, letters of credit and bonds issued by below-investment grade obligors, as well as other debt securities. The allocation of capital across industries and types of obligors will vary depending on market opportunities and other factors.

Invesco Hong Kong Limited

The objective of Invesco Global Investment Grade Corporate Bond Fund is to achieve income and long-term capital growth by investing primarily in high quality debt instruments issued by companies worldwide, including contingent convertibles. The fund may make significant use of derivatives (complex instruments) in order to (i) reduce the risk and/or generate additional capital or income and/or (ii) meet the fund’s investment objectives by generating varying amounts of leverage (i.e. where the fund gains market exposure in excess of the net asset value of the fund). The fund is actively managed and is not constrained by a benchmark.

SPDB International Investment Management Limited and SPDB International Securities Limited

The principal investment objective of the Pu Yin Hong Kong Multipurpose Fund is to achieve capital appreciation and interest income in the medium to long term. The fund aims to achieve its investment objective by substantially investing in listed and unlisted bonds (including but not limited to senior bonds, subordinated bonds, preferred stocks and convertible bonds) issued or guaranteed by governments, government agencies, supranationals, companies and financial institutions, with investment-grades and non-investment grades by accredited rating agencies as well as non-rated bonds. “Investment-grade” means a rating of at least Baa3/BBB- by Moody’s Investors Service, Inc., Standard & Poor’s Ratings Services or Fitch Inc., or the equivalent rated by other internationally recognised credit rating agencies of similar standing at the time of purchase. In addition, the Company may invest in other private funds, mutual funds, bond funds and other fixed income collective investment schemes (including those managed or operated by the manager or any of its affiliates), money market instruments (including but not limited to treasury bills, commercial papers, deposits, bills, certificates of deposits and money market funds), structured products, derivative instruments and other financial instruments. The fund will mainly invest in bonds with short to medium duration, with an average duration of not more than five years (for bonds with embedded options (such as put or call options), the maturity of such bonds will be the embedded option’s exercisable date).

Prudence Investment Management (Hong Kong) Limited

Prudence Enhanced Income Fund pursues stable income as well as capital appreciation, by mainly investing in corporate bonds, convertible bonds and listed equities issued by companies in Asia, with a focus on companies with significant business exposure to Greater China. The fund manager will focus on opportunities when the security is mis-priced and when the fund manager has a well-defined edge. The fund manager will make investment decisions aiming to achieve attractive absolute return within acceptable risk limits, through a flexible combination of sub-strategies. The fund manager will implement an effective investment process including research, trading, risk management and operations. The fund manager will enforce strict risk management to protect investors in the fund. Net borrowing is limited to less than or equal to 50% of assets under management of the fund.

China Universal Asset Management Company Limited (匯添富基金管理股份有限公司)

China Universal Short Term Bond Securities Investment Fund* (匯添富短債債券型證券投資基金) determines asset class allocation and portfolio duration with top-down approach, by closely following the bond market operation status and risk-reward characteristics, and analysing the macroeconomic operation status and financial market operation trends. It also searches deeply for under-valued securities subjects, according to internal credit rating system. The fund's adopted investment strategies primarily cover asset class allocation strategy, interest rate strategy, credit strategy, etc.. On the basis of prudent investment, it strives to achieve steady appreciation of portfolio. The fund's investment scope covers financial instruments with good liquidity, including bonds (national bonds, central bank bills, financial bonds, corporate bonds, debentures, medium-term notes, short-term financing bonds, ultra short-term financing bonds, subordinated bonds, government supported bonds, government supported institutes bonds, local government bonds, small to medium enterprises' private placement bonds, the pure debt component of detachable convertible bonds, etc.), asset-backed securities, bond repurchases, interbank deposits, bank deposits (including agreement deposits, fixed deposits, etc.), money market instruments, national debt futures, as well as other financial instruments allowed for investment approved by the related law and regulations or the China Securities Regulatory Commission (but must comply with the China Securities Regulatory Commission's relevant regulations). The fund invests not less than 80% of the fund assets in bond assets, in which the investment in short term bonds shall not be less than 80% of non-cash assets.

Shanghai Huaxia Fortune CCI Capital Ltd. (上海華夏財富投資管理有限公司)

Huaxia Short Term Bond Securities Investment Fund* (華夏短債債券型證券投資基金) pursues continuous and steady return under the premises of maintaining good liquidity of assets. The fund's investment scope covers financial instruments with good liquidity, including domestic legally issued and listed bonds (national debts, central bank bills, financial bonds, public issued subordinated bonds, local government debts, corporate debts, debentures, medium-term notes, short-term financing bonds, ultra short-term financing bonds, the pure debt component of detachable convertible bonds), asset-backed securities, bond repurchases, bank deposits, interbank deposits, money market instruments, national debt futures, as well as

other financial instruments allowed for fund investment approved by the related laws and regulations or the China Securities Regulatory Commission (but must comply with the China Securities Regulatory Commission's relevant regulations). The fund invests not less than 80% of the fund assets in bonds, in which the investment in short term bonds shall not be less than 80% of non-cash assets.

Da Cheng Fund Management Co., Ltd. (大成基金管理有限公司)

Da Cheng JingAn Short Term Financing Bond Securities Investment Fund* (大成景安短融債券型證券投資基金) strives to achieve higher investment return while maintaining the characteristic of principal safety and high liquidity with great effort at the same time, through appropriate extending the duration of the fund's investment portfolio, higher ratio of investment in short term financing bonds as well as debenture bonds of shorter terms. The fund's investment scope covers financial instruments with good liquidity, including fixed income assets of national debts, central bank bills, local government debts, financial bonds, corporate debts, short term financing bonds, ultra short-term financing bonds, medium-term notes, debentures, asset-backed securities, bond reverse repurchases, bank deposits, etc., as well as other financial instruments allowed for fund investment approved by the related laws and regulations or the China Securities Regulatory Commission, but must comply with the China Securities Regulatory Commission's relevant regulations. The fund invests not less than 80% of the fund assets in bond assets, and the aggregate investment in short-term bonds and ultra short-term financing bonds as well as medium-term notes, debentures and corporate debts with a remaining term of within 1 year shall not be less than 80% of non-cash fund assets.

Lombarda China Fund Management Co., Ltd. (中歐基金管理有限公司)

Lombarda China Short Term Bond Securities Investment Fund* (中歐短債債券型證券投資基金) utilises multiple strategies to carry out investment in bond asset portfolio. It determines bond portfolio duration allocation according to forecasted future market interest rate level and interest rate curve shape by basic valuation, economic environment and market risks evaluation. It carries out adjustment on portfolio terms allocation on the basis of determination of portfolio duration. Through research and related financial and non-financial analysis on macroeconomy and industry, it performs class allocation between different kinds of bond assets by "top-down approach", and picks individual security by "bottom-up approach". During the change of market return and individual security return, it utilises riding strategy, carry trade strategy, spread strategy, etc. flexibly to enhance portfolio return. The fund invests in financial instruments with good liquidity, including bonds (including national debts, local government debts, government supported institute bonds, financial bonds, corporate debts, debentures, central bank bills, medium-term notes, short-term financing bonds (including ultra short-term financing bonds), subordinated debts, the pure debt component of detachable convertible bonds, etc.), asset-backed securities, bond repurchases, bank deposits, interbank deposits, etc., and other financial instruments allowed for fund investment approved by the related laws and regulations or the China Securities Regulatory Commission (but must comply with the China Securities Regulatory Commission's relevant regulations). The fund invests not less than 80% of the fund assets in bonds, and the investment in short-term bonds shall not be less than 80% of non-cash fund assets.

E Fund Management (HK) Co., Limited

Through global investment in portfolios composed of investment-grade debt securities denominated in Renminbi, US Dollar, Euro or HK Dollar, E Fund (HK) Select Bond Fund aims at generating stable income in addition to capital appreciation for the fund, thus achieving long-term capital growth. The fund may invest in the globally issued bonds denominated in US Dollar, Euro or HK Dollar, which shall comprise investment-grade bonds no less than 70% and high-yield bonds up to 30%. Currently, the fund mainly invests in the US Dollar bonds issued by Chinese enterprises. The main reason is that under the same rating and duration, the US Dollar bonds issued by Chinese enterprises offer significantly higher yields than bonds issued by enterprises in developed markets. The fund may gradually expand its investment to cover US Dollar bonds issued by Hong Kong enterprises and companies in other developed countries. The fund may also invest no more than 30% of capital in other public funds. In addition, it may engage in the trading of interest rates, credits and foreign exchange derivatives for hedging risks purpose.

BOCHK Asset Management Limited

BOCHK All Weather Short Term Bond Fund is a sub-fund of BOCHK Wealth Creation Series. The investment objective of the sub-fund is to provide income and capital growth from a managed portfolio of short duration fixed income securities. The sub-fund aims to achieve its investment objective by investing at least 70% of its latest available net asset value in fixed income securities including bonds, convertible bonds, contingent convertible bonds, bills, notes, money market instruments and other fixed or floating rate securities issued by governments (including local governments), government agencies, supra-nationals, banks or companies, as well as deposits. The average duration of the sub-fund's investments as a whole is maintained at a level not exceeding 1.5 years. In respect of credit ratings of the underlying fixed income securities: for offshore fixed income securities issued outside of Mainland China, the sub-fund will invest in investment grade fixed income securities and will not invest in non-investment grade fixed income securities; for onshore fixed income securities issued in Mainland China, the sub-fund will invest in fixed income securities with at least AA+ and will not invest in fixed income securities rated below AA+, as assigned by one of the local rating agencies recognised by the relevant authorities of Mainland China on the fixed income securities or the relevant issuer. Notwithstanding the foregoing, the sub-fund may invest in unrated fixed income securities, i.e. both the fixed income securities and the relevant issuer are not rated. In such case, the manager will refer to the rating of the guarantor of the fixed income securities in order to align with the credit rating requirements asset out above (i.e. being investment grade or at least AA+ (as the case may be)).

Investment Strategy and Future Prospects

The Group's investments in financial assets at fair value through profit or loss have been conducted on the premises that such investments would not affect the working capital of the Group or the daily operation of the Group's principal business. Such investments are conducive to improving the capital usage efficiency and generating investment returns from the Group's temporarily idle funds. Giving top priority to prevention of excessive risk, the Company implemented control and made prudent decisions in respect of such investments on the principle of protecting the interests of its shareholders as a whole and the Company. On

one hand, the Company is able to generate a relatively higher return from such investments than fixed-term bank deposits, while at the same time the Company is still able to retain flexibility in redeeming the investments whenever it foresees there is a cash need.

Subject to any unforeseeable changes in China's and global economic, political and social conditions, the Company currently expects that the Group will continue to make such investments as and where appropriate pursuant to the investment strategy mentioned above. It is currently expected that barring any unforeseeable circumstances, such investments would continue to generate additional returns for the Group.

ACCREDITATION FOR THE COMPANY AND ITS MANAGEMENT

For the year ended 31 December 2020, the Company was ranked the 223rd in the top 200 Fortune China 500 companies. Jinxi Limited, a subsidiary of the Company, was awarded the title of "National Civilized Unit" by the Central Steering Committee for the Building of Spiritual Civilization. Furthermore, Jinxi Limited was awarded the titles of "2019 Hebei Provincial Government Quality Award" and "Outstanding Private Enterprise in Hebei Province" by Hebei Provincial Government.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had a workforce of approximately 9,300 and temporary staff of approximately 1,200. The staff cost included basic salaries and benefits. Staff benefits included discretionary bonus, medical insurance plans, pension scheme, unemployment insurance plan, maternity insurance plan and the fair value of the share options, etc.. Effective from July 2008, the Group implemented a workers' injury insurance scheme and contributed 1.5% of the workers' wages to the Social Insurance Bureau. According to the Group's remuneration policy, employees' package is based on productivity and/or sales performance, and is consistent with the Group's quality control and cost control targets.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2020.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the importance of good corporate governance practices and believes that it is essential to the development of the Group and to safeguard the interests of the equity holders. The Directors are of the opinion that the Company has complied with the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange throughout the year ended 31 December 2020, save for the following deviations:

Under code provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Currently, Mr. HAN Jingyuan serves as the Chairman of the Board and the Chief Executive Officer of the Company. The Board believes that there is no immediate need to segregate the roles of Chairman and the Chief Executive Officer of the Company because the role of chief executive officer/general manager of the Company's major operating subsidiaries are performed by other persons. The Board will consider the segregation of the roles of the Chairman and the Chief Executive Officer of the Company in light of the future development of the operating activities or businesses of the Group.

Under code provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Article 86(2) of the Bye-laws of the Company (the "**Bye-laws**") provides that, amongst other things, the directors shall have the power from time to time and at any time to appoint any person as a director, either to fill a casual vacancy on the Board, or, subject to authorisation by the shareholders in general meeting, as an addition to the existing Board. Any director so appointed by the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. In light of the Bye-laws, any director so appointed as aforesaid shall hold office until the next annual general meeting. This constitutes as a deviation from code provision A.4.2 of the CG Code. Given the time between filling a casual vacancy and the next general meeting was generally too short to require a re-election, therefore the Company adopts the re-election to take place at the next annual general meeting instead. The Company believes that it is in the best interest of the Company's shareholders to transact this ordinary course of business in the annual general meeting.

Under code provision A.5.5 of the CG Code, where the Board proposes a resolution to elect an individual as an independent non-executive director at a general meeting and the proposed independent non-executive director will be holding his seventh (or more) listed company directorship, the Company should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting the reasons why the Board believes such individual would still be able to devote sufficient time to the Board. It was an inadvertent omission that such reason was not disclosed in the circular of the Company dated 22 April 2020, as Mr. WONG Man Chung, Francis ("**Mr. Wong**"), who was holding his seventh (or more) listed company directorship, was proposed to be re-elected at the Company's annual general meeting for 2020. Subsequently, the Company made a supplemental announcement on 12 May 2020 disclosing such reasons. Notwithstanding that Mr. Wong has served as directors for more than seven listed companies. (1) Mr. Wong is an independent non-executive director of the Company (first appointed on 25 August 2004). He is the chairman of the audit committee and remuneration committee and member of the nomination committee of the Company. As an independent non-executive director with extensive experience and knowledge in accounting and auditing and in-depth understanding of the Company's operations and business, Mr. Wong has expressed objective views and given independent guidance to the Company over the years, and he has demonstrated a firm commitment to his role. For the period after Mr. Wong was last re-elected as an independent non-executive director of the Company on 31 May 2017, he had a 100% attendance rate at board meetings, committee meetings and general meetings of the Company; (2) further, Mr.

Wong has confirmed that (i) none of his current commitments would require him to work intensively on a daily basis and (ii) he will continue to devote sufficient time for the discharge of his functions and responsibilities as an independent non-executive director of the Company. With his background and experience, Mr. Wong is fully aware of the responsibilities and expected time involvements with the Company. Based on the foregoing, the Board is of the view that Mr. Wong will be able to devote sufficient time to the Board; and (3) lastly, the nomination committee of the Company is satisfied that Mr. Wong has the requisite character, integrity and experience to continue fulfilling the role of an independent non-executive director. For all the reasons mentioned above, the Board considers the re-election of Mr. Wong as an independent non-executive director of the Company is in the best interest of the Company and Shareholders as a whole.

Under code provision C.2.5 of the CG Code and the related notes of the CG Code, the Company should have an internal audit function which generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. While the PRC internal audit function of the Company was established since January 2018, other internal audit function is merged with the finance function during the year ended 31 December 2020. During the year, the Group conducted a review on the need for setting up an independent internal audit department. Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the management could provide sufficient internal control and risk management for the Group. The audit committee of the Board and the Board regularly review the effectiveness of the internal control system and the risk management of the Group. The Board will review the need to set up an independent internal audit function on an annual basis.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the year ended 31 December 2020.

AUDIT COMMITTEE

During the year ended 31 December 2020, the audit committee of the Company (“**Audit Committee**”) comprised three Independent Non-executive Directors, namely Mr. WONG Man Chung, Francis as the Chairman of the Audit Committee and Mr. WANG Tianyi and Mr. WANG Bing as the members of the Audit Committee.

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2020 and has also discussed the internal control, the accounting principles and practices adopted by the Group. The Audit Committee is of the opinion that the consolidated financial statements have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory requirements and that adequate disclosures will be made in the 2020 annual report.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Wednesday, 2 June 2021. For the details, please refer to the notice of the AGM which will be published and dispatched to the shareholders of the Company as soon as practicable in accordance with the Bye-laws and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the forthcoming AGM

The register of members of the Company will be closed from Friday, 28 May 2021 to Wednesday, 2 June 2021 (both days inclusive), during which period no transfer of shares of the Company may be registered, for the purposes of ascertaining shareholders' entitlement to attend and vote at the forthcoming AGM. In order to be eligible to attend and vote at the forthcoming AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 27 May 2021.

(b) For determining the entitlement to the final dividend

The register of members of the Company will be closed from Wednesday, 9 June 2021 to Friday, 11 June 2021 (both days inclusive), during which period no transfer of shares of the Company may be registered, for the purposes of ascertaining shareholders' entitlement for the proposed final dividend. The record date for the proposed final dividend shall be Friday, 11 June 2021. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 8 June 2021.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT FOR 2020

The annual results announcement of the Company for the year ended 31 December 2020 is published on both the websites of the Company (www.chinaorientalgroup.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2020 will be dispatched to the shareholders of the Company and published on the aforesaid websites in due course.

APPRECIATION

The Board would like to extend its heartfelt gratitude to all of its staff for their hard work and dedication to the Group, and to its shareholders for their continuous support and trust in the Company.

By order of the Board
China Oriental Group Company Limited
HAN Jingyuan
Chairman and Chief Executive Officer

Hong Kong, 31 March 2021

As at the date of this announcement, the Board of Directors of the Company comprises Mr. HAN Jingyuan, Mr. ZHU Jun, Mr. SHEN Xiaoling, Mr. HAN Li and Mr. Sanjay SHARMA being the Executive Directors, Mr. Ondra OTRADOVEC and Mr. ZHU Hao being the Non-executive Directors and Mr. WONG Man Chung, Francis, Mr. WANG Tianyi, Mr. WANG Bing and Dr. TSE Cho Che, Edward being the Independent Non-executive Directors.