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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)**

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

**FINANCIAL HIGHLIGHTS**

	<b>For the six months ended 30 June</b>		<b>Changes</b>
	<b>2021</b>	<b>2020</b>	
Sales volume ( <i>tonnes</i> )			
– Self-manufactured steel products	<b>3.87 million</b>	3.64 million	6.3%
– Trading of steel products	<b>0.14 million</b>	0.06 million	133.3%
	<b>4.01 million</b>	3.70 million	8.4%
Revenue ( <i>RMB</i> )			
– Sales of self-manufactured steel products	<b>17.25 billion</b>	11.63 billion	48.3%
– Sales of properties	<b>0.03 billion</b>	0.01 billion	370.9%
– Trading of iron ore and steel products and others	<b>7.70 billion</b>	5.38 billion	43.1%
	<b>24.98 billion</b>	17.02 billion	46.8%
Gross profit ( <i>RMB</i> )			
– Sales of self-manufactured steel products	<b>1,960 million</b>	1,056 million	85.6%
– Sales of properties	<b>8 million</b>	5 million	60.0%
– Trading of iron ore and steel products and others	<b>126 million</b>	170 million	(25.9%)
	<b>2,094 million</b>	1,231 million	70.1%
Gross profit per tonne ( <i>RMB</i> )			
– Sales of self-manufactured steel products	<b>506</b>	290	74.5%

\* For identification purposes only

	For the six months ended 30 June		Changes
	2021	2020	
EBITDA <sup>1</sup> (RMB)	<b>2,641 million</b>	1,516 million	74.2%
EBITDA <sup>1</sup> margin	<b>10.6%</b>	8.9%	N/A
EBIT <sup>2</sup> (RMB)	<b>2,124 million</b>	981 million	116.5%
EBIT <sup>2</sup> margin	<b>8.5%</b>	5.8%	N/A
Profit before income tax (RMB)	<b>2,037 million</b>	939 million	116.8%
Profit for the period (RMB)	<b>1,616 million</b>	786 million	105.5%
Profit for the period attributable to owners of the Company (RMB)	<b>1,571 million</b>	775 million	102.7%
Basic earnings per share (RMB)	<b>0.42</b>	0.21	100.0%
Interim dividend per share (HK\$)	<b>0.10</b>	0.05	100.0%
Special dividend per share (HK\$)	<b>0.05</b>	0.02	150.0%
Return on equity <sup>3</sup>	<b>7.3%</b>	3.9%	N/A
	As at		
	<b>30 June</b>	31 December	
	<b>2021</b>	2020	Changes
Total assets (RMB)	<b>49.17 billion</b>	44.52 billion	10.4%
Net assets value per share (exclude non-controlling interests) (RMB)	<b>5.94</b>	5.56	6.8%
Debt-to-capital ratio <sup>4</sup>	<b>61.1%</b>	48.4%	N/A

<sup>1</sup> China Oriental Group Company Limited (the “Company”) defines EBITDA as profit for the period before finance costs — net, income tax expense, amortisation, depreciation and non-recurring items. During the six months ended 30 June 2021, there were no adjustments of non-recurring items in the calculation (2020 corresponding period: nil).

<sup>2</sup> The Company defines EBIT as profit for the period before finance costs — net, income tax expense and non-recurring items. During the six months ended 30 June 2021, there were no adjustments of non-recurring items in the calculation (2020 corresponding period: nil).

<sup>3</sup> 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 period.

<sup>4</sup> 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 unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (the “**Period**”) together with the comparative figures for the corresponding period in 2020. PricewaterhouseCoopers, the Company’s auditor, has conducted its review on the unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 in accordance with the Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<b>RMB’000</b>	<b>RMB’000</b>
		<b>Unaudited</b>	
Revenue	4	<b>24,984,869</b>	17,020,579
Cost of sales		<b>(22,890,893)</b>	(15,789,472)
<b>Gross profit</b>		<b>2,093,976</b>	1,231,107
Distribution costs		<b>(82,206)</b>	(39,086)
Administrative expenses		<b>(327,099)</b>	(299,929)
Reversal of/(provision for) impairment on financial assets, net		<b>437</b>	(8,759)
Other expenses		<b>(25,979)</b>	(23,438)
Gains/(losses) from derivative financial instruments	6	<b>89,448</b>	(40,471)
Other income	6	<b>122,571</b>	81,906
Other gains – net	6	<b>251,995</b>	74,459
<b>Operating profit</b>	6	<b>2,123,143</b>	975,789
Finance income	7	<b>90,416</b>	81,563
Finance costs	7	<b>(177,240)</b>	(123,213)
Share of results of associates and a joint venture		<b>651</b>	5,344
<b>Profit before income tax</b>		<b>2,036,970</b>	939,483
Income tax expense	8	<b>(420,704)</b>	(153,020)
<b>Profit for the period</b>		<b>1,616,266</b>	786,463

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
(continued)

		<b>Six months ended 30 June</b>	
		<b>2021</b>	<b>2020</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
		<b>Unaudited</b>	
<b>Other comprehensive income:</b>			
<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		<b>(1,024)</b>	(4,182)
<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		–	116,376
<i>Item reclassified to profit or loss</i>			
Transfer of fair value losses/(gains) previously credited to reserve to statement of profit or loss upon disposal of debt investments at fair value through other comprehensive income		<b>1,852</b>	(629)
<b>Total comprehensive income for the period</b>		<b><u>1,617,094</u></b>	<u>898,028</u>
<b>Profit for the period attributable to:</b>			
– Owners of the Company		<b>1,570,956</b>	774,970
– Non-controlling interests		<b>45,310</b>	11,493
		<b><u>1,616,266</u></b>	<u>786,463</u>
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		<b>1,571,784</b>	886,535
– Non-controlling interests		<b>45,310</b>	11,493
		<b><u>1,617,094</u></b>	<u>898,028</u>
<b>Earnings per share for profit attributable to owners of the Company for the period</b> (express in RMB per share)			
– Basic	9	<b><u>0.42</u></b>	<u>0.21</u>
– Diluted	9	<b><u>0.42</u></b>	<u>0.21</u>

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2021	As at 31 December 2020
	<i>Note</i>	<b>RMB'000</b> Unaudited	<i>RMB'000</i> Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	11,846,460	11,552,420
Right-of-use assets		386,739	397,485
Investment properties	11	106,834	107,440
Intangible assets	11	2,843,226	2,843,640
Investment in associates and a joint venture		1,250,215	1,318,753
Financial assets at fair value through other comprehensive income		325,000	342,653
Financial assets at fair value through profit or loss	16	349,906	202,442
Amounts due from related parties		10,000	–
Prepayments, deposits and other receivables	15	1,445,125	1,251,532
Loan receivables	17	348,480	348,480
Deferred income tax assets		317,142	306,753
		<b>19,229,127</b>	18,671,598
<b>Total non-current assets</b>			
<b>Current assets</b>			
Financial assets at fair value through other comprehensive income		16,352	49,968
Properties under development and held for sale	12	386,958	350,369
Inventories	13	5,448,980	4,694,324
Trade receivables	14	1,148,487	753,391
Contract assets	14	66,812	94,799
Prepayments, deposits and other receivables	15	3,724,788	3,188,077
Financial assets at fair value through profit or loss	16	3,942,734	4,601,919
Amounts due from related parties		232,147	277,528
Prepaid current income tax		70,525	55,381
Loan receivables	17	1,581,669	1,174,189
Notes receivable – bank acceptance notes	18	2,479,156	1,930,903
Derivative financial instruments		1,033	–
Restricted bank balances		5,542,948	3,675,291
Cash and cash equivalents		4,977,325	3,485,951
Structured bank deposits	19	320,000	1,520,000
		<b>29,939,914</b>	25,852,090
<b>Total current assets</b>			
		<b>49,169,041</b>	44,523,688
<b>Total assets</b>			

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET** *(continued)*

		<b>As at 30 June 2021</b>	As at 31 December 2020
	<i>Note</i>	<b>RMB'000 Unaudited</b>	<b>RMB'000 Audited</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		380,628	380,628
Share premium		3,532,234	3,532,234
Other reserves		1,796,914	1,795,771
Retained earnings		16,386,210	14,972,570
		<u>22,095,986</u>	<u>20,681,203</u>
<b>Non-controlling interests</b>		<b>569,062</b>	<b>534,105</b>
		<u>22,665,048</u>	<u>21,215,308</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	20	3,247,000	2,876,948
Lease liabilities		77,437	76,900
Deferred revenue		52,434	60,150
Deferred income tax liabilities		65,248	45,136
		<u>3,442,119</u>	<u>3,059,134</u>
<b>Total non-current liabilities</b>		<b>3,442,119</b>	<b>3,059,134</b>
<b>Current liabilities</b>			
Trade payables	21	5,668,368	7,081,366
Accruals and other current liabilities		2,511,768	2,560,149
Contract liabilities		1,929,766	1,735,644
Amounts due to related parties		100,126	120,173
Current income tax liabilities		545,481	311,268
Lease liabilities		14,874	17,854
Derivative financial instruments		6,086	4,102
Borrowings	20	12,129,786	8,404,010
Dividends payable		155,619	14,680
		<u>23,061,874</u>	<u>20,249,246</u>
<b>Total current liabilities</b>		<b>23,061,874</b>	<b>20,249,246</b>
		<u>26,503,993</u>	<u>23,308,380</u>
<b>Total liabilities</b>		<b>26,503,993</b>	<b>23,308,380</b>
		<u>49,169,041</u>	<u>44,523,688</u>
<b>Total equity and liabilities</b>		<b>49,169,041</b>	<b>44,523,688</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	
Net cash (used in)/generated from operating activities	(1,068,787)	229,235
Net cash generated from/(used in) investing activities	1,441,301	(5,869,331)
Net cash generated from financing activities	<u>1,128,122</u>	<u>5,873,010</u>
<b>Net increase in cash and cash equivalents</b>	<b>1,500,636</b>	<b>232,914</b>
Effect of foreign exchange rate changes	(9,262)	18,216
Cash and cash equivalents, beginning of period	<u>3,485,951</u>	<u>4,630,945</u>
<b>Cash and cash equivalents, end of period</b>	<b><u>4,977,325</u></b>	<b><u>4,882,075</u></b>

## **SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION**

### **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. 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 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 manufacturing 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.

This condensed consolidated interim financial information was presented in RMB thousand, unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 31 August 2021.

### **2. BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting”. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) except for the adoption of new and amended standards as disclosed in Note 3.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

Except as described below, the accounting policies applied are consistent with those of the annual financial statements of the Group for the year ended 31 December 2020, as described in those annual financial statements.

#### **(a) New and amended standards adopted by the Group**

A number of new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies accordingly. None of which has significant financial impact to the Group:

- HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments), Interest Rate Benchmark Reform — Phase 2



**(b) New standards and interpretations not yet adopted**

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 2021 and have not been early adopted by the Group are as follows:

		<b>Effective for annual periods beginning on or after</b>
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
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020 Cycle	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current and Non-current	1 January 2023
Amendments to HKAS 1, HKAS 8 and Practice Statement 2	Disclosure of Accounting Policies and Definition of Accounting Estimates	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

The adoption of the new or amended standards and annual improvements 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.

**4. REVENUE**

The Group is principally engaged in the manufacturing and sales of iron and steel products, trading of steel products and iron ore and real estate business. Sales recognised for the six months ended 30 June 2021 and 2020 were as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Sales:		
– H-section steel products	<b>7,062,881</b>	4,609,807
– Strips and strip products	<b>6,640,773</b>	1,339,310
– Iron ore	<b>6,388,345</b>	4,667,168
– Sheet piling	<b>1,635,296</b>	1,626,392
– Billets	<b>1,568,178</b>	1,883,542
– Cold rolled sheets and galvanised sheets	<b>855,000</b>	495,417
– Rebar	<b>90,057</b>	1,865,504
– Real estate	<b>26,943</b>	5,722
– Others	<b>717,396</b>	527,717
	<b>24,984,869</b>	17,020,579

## 5. 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 – Manufacturing 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 consolidated financial statements for the year ended 31 December 2020.

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

	<b>Six months ended 30 June 2021</b>		
	<b>Iron and steel</b> <i>RMB'000</i>	<b>Real estate</b> <i>RMB'000</i> Unaudited	<b>Total</b> <i>RMB'000</i>
<b>Revenue</b>	<u>24,957,926</u>	<u>26,943</u>	<u>24,984,869</u>
<b>Segment results:</b>			
<b>Operating profit/(loss)</b>	2,130,833	(7,690)	2,123,143
Finance (costs)/income – net	(138,623)	51,799	(86,824)
Share of results of associates and a joint venture	651	–	<u>651</u>
Profit before income tax			2,036,970
Income tax expense			<u>(420,704)</u>
<b>Profit for the period</b>			<u><u>1,616,266</u></u>
<b>Other profit or loss items</b>			
Depreciation and amortisation	<u>516,043</u>	<u>869</u>	<u>516,912</u>
<b>Capital expenditure</b>	<u>637,952</u>	<u>245</u>	<u>638,197</u>

	Six months ended 30 June 2020		
	Iron and steel	Real estate	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		Unaudited	
<b>Revenue</b>	<u>17,014,857</u>	<u>5,722</u>	<u>17,020,579</u>
<b>Segment results:</b>			
<b>Operating profit</b>	972,792	2,997	975,789
Finance (costs)/income – net	(49,032)	7,382	(41,650)
Share of results of associates and a joint venture	5,344	–	<u>5,344</u>
Profit before income tax			939,483
Income tax expense			<u>(153,020)</u>
<b>Profit for the period</b>			<u><u>786,463</u></u>
<b>Other profit or loss items</b>			
Depreciation and amortisation	<u>531,742</u>	<u>3,010</u>	<u>534,752</u>
<b>Capital expenditure</b>	<u>3,362,106</u>	<u>96</u>	<u>3,362,202</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, properties under development and held for sale, inventories, trade receivables, contract assets, prepayments, deposits and other receivables, loan receivables, 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 lease liabilities, deferred revenue, amounts due to related parties, trade payables, contract liabilities and accruals and other current liabilities.

The segment assets and liabilities as at 30 June 2021 were as follows:

	<b>Iron and steel</b> <i>RMB'000</i>	<b>Real estate</b> <i>RMB'000</i>	<b>Elimination</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
		<b>Unaudited</b>		
<b>Segment assets</b>	<u>42,418,936</u>	<u>2,309,442</u>	<u>(902,029)</u>	<u>43,826,349</u>
Segment assets for reportable segments				43,826,349
<b>Unallocated:</b>				
Deferred income tax assets				317,142
Financial assets at fair value through other comprehensive income				341,352
Financial assets at fair value through profit or loss				4,292,640
Derivative financial instruments				1,033
Structured bank deposits				320,000
Prepaid current income tax				<u>70,525</u>
Total assets per balance sheet				<u><u>49,169,041</u></u>
<b>Segment liabilities</b>	<u>10,002,303</u>	<u>1,254,499</u>	<u>(902,029)</u>	<u>10,354,773</u>
Segment liabilities for reportable segments				10,354,773
<b>Unallocated:</b>				
Current income tax liabilities				545,481
Current borrowings				12,129,786
Non-current borrowings				3,247,000
Derivative financial instruments				6,086
Dividends payable				155,619
Deferred income tax liabilities				<u>65,248</u>
Total liabilities per balance sheet				<u><u>26,503,993</u></u>

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>
		Audited		
<b>Segment assets</b>	<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
<b>Unallocated:</b>				
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>
<b>Segment liabilities</b>	<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
<b>Unallocated:</b>				
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>

## 6. OPERATING PROFIT

The operating profit of the Group has been derived after crediting/(charging) the following items:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Depreciation of property, plant and equipment ( <i>Note 11</i> )	<b>(504,871)</b>	(513,905)
Depreciation of right-of-use assets	<b>(10,746)</b>	(10,071)
Amortisation of intangible assets ( <i>Note 11</i> )	<b>(689)</b>	(6,961)
Depreciation of investment properties ( <i>Note 11</i> )	<b>(606)</b>	(3,815)
Provision for impairment of trade receivables	<b>(8,184)</b>	(979)
Reversal of/(provision for) impairment of prepayments, deposits and other receivables	<b>7,747</b>	(7,780)
Other income		
– Government grants	<b>31,707</b>	–
– Interest income from loan receivables	<b>80,195</b>	64,342
– Dividend income from financial assets at fair value through other comprehensive income	<b>2,618</b>	10,225
– Rental income from investment properties	<b>7,188</b>	5,313
– Interest income from financial assets at fair value through other comprehensive income	<b>863</b>	2,026
Other gains – net		
– Investment income from financial assets at fair value through profit or loss	<b>85,120</b>	55,151
– Fair value gains from financial assets at fair value through profit or loss	<b>153,906</b>	100,002
– Investment income from structured bank deposits	<b>34,823</b>	2,463
– Losses on disposal of property, plant and equipment	<b>(1,924)</b>	(30,021)
– Losses on derecognition of notes receivable	<b>(76,569)</b>	(84,425)
– Gains on disposal of an associate	<b>19,964</b>	–
– Other foreign exchange gains – net	<b>20,881</b>	12,688
– Government grants	<b>–</b>	30,586
– Others	<b>15,794</b>	(11,985)
Gains/(losses) from derivative financial instruments		
– Investment losses from foreign currency forward contracts	<b>(11,363)</b>	(11,624)
– Investment gains/(losses) from iron ore and steel products future contracts	<b>100,811</b>	(28,847)
	<b><u>100,811</u></b>	<b><u>(28,847)</u></b>

## 7. FINANCE INCOME AND COSTS

	<b>Six months ended 30 June</b>	
	<b>2021</b>	<b>2020</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>Unaudited</b>	<b>Unaudited</b>
Interest expenses on borrowings	<b>(200,828)</b>	(170,694)
Interest expenses on lease liabilities	<b>(2,049)</b>	(2,351)
Net foreign exchange gains/(losses) on borrowings and dividends payable	<b>3,350</b>	(18,972)
Total finance costs	<b>(199,527)</b>	(192,017)
Less: amounts capitalised on qualifying assets	<b>22,287</b>	68,804
Finance costs	<b>(177,240)</b>	(123,213)
Finance income – interest income	<b>90,416</b>	81,563
Finance costs – net	<b><u>(86,824)</u></b>	<b><u>(41,650)</u></b>

For the six months ended 30 June 2021, a capitalisation rate of 4.74% (2020 corresponding period: 4.70%) was used, representing the average borrowing cost of the loans relating to financing the construction of property, plant and equipment.

## 8. INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>Unaudited</b>	Unaudited
Current income tax		
– PRC enterprise income tax	<b>407,652</b>	132,971
– Singapore profits tax	<b>3,329</b>	9,875
	<u><b>410,981</b></u>	<u>142,846</u>
Deferred income tax		
– PRC enterprise income tax	<b>9,723</b>	10,174
	<u><b>420,704</b></u>	<u>153,020</u>

The taxation on the Group's profit before income tax, differs from the theoretical amount that would arise using the weighted average applicable tax rate of 24.16% (2020 corresponding period: 22.39%) to respective profits of the consolidated entities for the six months ended 30 June 2021 and 2020 as follows:

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>Unaudited</b>	Unaudited
Profit before taxation	<u><b>2,036,970</b></u>	<u>939,483</u>
Taxation calculated at statutory tax rates applicable in corresponding countries	<b>492,203</b>	210,366
Tax exemption of subsidiaries established in an area with preferential tax policy	<b>(40,729)</b>	(50,267)
Temporary differences and tax losses for which no deferred income tax asset was recognised	<b>16,448</b>	15,283
Utilisation of previously unrecognised tax losses and temporary differences	<b>(12,862)</b>	(14,009)
Withholding tax of intra-group dividends and interest	<b>8,635</b>	16,648
Effect of non-taxable income	<b>(43,493)</b>	(32,968)
Effect of non-deductible expenses	<b>502</b>	7,967
	<u><b>420,704</b></u>	<u>153,020</u>

## 9. 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 period.

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
Profit attributable to owners of the Company ( <i>RMB'000</i> )	1,570,956	774,970
Weighted average number of ordinary shares in issue ( <i>thousands of shares</i> )	3,722,569	3,722,569
Basic earnings per share ( <i>RMB per share</i> )	<u>0.42</u>	<u>0.21</u>

### 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 30 June 2021 and 2020, the Group did not have any dilutive potential ordinary share.

## 10. DIVIDENDS

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Interim, paid ( <i>a</i> )	–	224,276
Final, proposed and approved ( <i>b</i> )	–	157,312
Interim, proposed ( <i>c</i> )	<u>463,851</u>	<u>–</u>

- (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 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. The proposed dividend was approved by the shareholders of the Company on the annual general meeting of the Company dated 2 June 2021 and paid on 8 July 2021.
- (c) At the Board meeting held on 31 August 2021, the Board proposed an interim dividend of HK\$372.3 million (approximately RMB309.3 million), representing HK\$0.10 per ordinary share and a special dividend of HK\$186.1 million (approximately RMB154.6 million), representing HK\$0.05 per ordinary share in respect of the six months ended 30 June 2021.



## 11. CAPITAL EXPENDITURE

	Property, plant and equipment <i>RMB'000</i>	Investment properties <i>RMB'000</i> Unaudited	Intangible assets <i>RMB'000</i>
<b>Six months ended 30 June 2021</b>			
<b>Opening carrying amount as at 1 January 2021</b>	<b>11,552,420</b>	<b>107,440</b>	<b>2,843,640</b>
Additions	637,922	–	275
Transfer from equity investments at fair value through other comprehensive income to a subsidiary	170,724	–	–
Disposals	(9,735)	–	–
Depreciation and amortisation ( <i>Note 6</i> )	(504,871)	(606)	(689)
<b>Closing carrying amount as at 30 June 2021</b>	<b>11,846,460</b>	<b>106,834</b>	<b>2,843,226</b>
<b>Six months ended 30 June 2020</b>			
<b>Opening carrying amount as at 1 January 2020</b>	<b>9,586,054</b>	<b>125,667</b>	<b>1,039,546</b>
Additions	846,418	–	2,515,400
Transfer from completed properties held for sale	–	384	–
Disposals	(43,554)	–	–
Depreciation and amortisation ( <i>Note 6</i> )	(513,905)	(3,815)	(6,961)
<b>Closing carrying amount as at 30 June 2020</b>	<b>9,875,013</b>	<b>122,236</b>	<b>3,547,985</b>

## 12. PROPERTIES UNDER DEVELOPMENT AND HELD FOR SALE

	As at <b>30 June 2021</b> <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Properties under development comprise:		
— Land use rights	<b>303,315</b>	303,315
— Construction costs	<b>52,114</b>	–
Completed properties held for sale	<b>31,529</b>	47,054
	<b>386,958</b>	350,369

### 13. INVENTORIES

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Raw materials and materials in-transit	3,920,708	3,502,499
Work-in-progress	582,144	631,531
Finished goods	976,681	592,861
Less: impairment provision	<u>(30,553)</u>	<u>(32,567)</u>
Inventories – net	<u><u>5,448,980</u></u>	<u><u>4,694,324</u></u>

### 14. TRADE RECEIVABLES AND CONTRACT ASSETS

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Trade receivables	1,233,316	829,753
Contract assets	67,487	95,757
Less: impairment provision for trade receivables	(84,829)	(76,362)
impairment provision for contract assets	<u>(675)</u>	<u>(958)</u>
Trade receivables and contract assets – net	<u><u>1,215,299</u></u>	<u><u>848,190</u></u>

As at 30 June 2021 and 31 December 2020, 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 30 June 2021 and 31 December 2020, the ageing analysis of the gross amount of trade receivables and contract assets based on invoice date was as follows:

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Within 3 months	1,148,952	768,684
4–6 months	46,168	50,451
7–12 months	16,586	16,149
Over 1 year	<u>89,097</u>	<u>90,226</u>
	<u><u>1,300,803</u></u>	<u><u>925,510</u></u>

As at 30 June 2021, trade receivables amounting to approximately RMB33 million (31 December 2020: RMB41 million) were guaranteed by third party customers' letters of credit.

As at 30 June 2021, trade receivables amounting to approximately RMB42 million (31 December 2020: approximately RMB329 million) was pledged as security for bank borrowings (Note 20) of the Group.

## 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
<b>Non-current</b>		
Prepayments for purchase of long-term assets	1,027,481	956,286
Less: impairment provision	<u>(234,235)</u>	<u>(234,235)</u>
Prepayments for purchase of long-term assets – net	793,246	722,051
Deposits for purchase of right-of-use assets	500,000	500,000
Lease receivables	<u>151,879</u>	<u>29,481</u>
	<u>1,445,125</u>	<u>1,251,532</u>
<b>Current</b>		
Prepayments for purchase of inventories	<u>2,111,407</u>	<u>1,994,506</u>
Other receivables	628,397	591,611
Less: impairment provision	<u>(170,741)</u>	<u>(181,718)</u>
Other receivables – net	<u>457,656</u>	<u>409,893</u>
Deposits	766,227	446,262
Prepaid tax	234,409	288,059
Prepaid expenses	142,038	31,585
Lease receivables	<u>13,051</u>	<u>17,772</u>
	<u>1,155,725</u>	<u>783,678</u>
	<u>3,724,788</u>	<u>3,188,077</u>
	<u>5,169,913</u>	<u>4,439,609</u>

## 16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
<b>Non-current</b>		
Listed equity interests	<u>349,906</u>	<u>202,442</u>
<b>Current</b>		
Listed bond investments	1,114,568	1,257,444
Bond market funds	1,019,848	903,382
Investment funds	779,772	598,026
Financial investment products	441,129	915,414
Money market funds	357,631	815,082
Listed equity interests	<u>229,786</u>	<u>112,571</u>
	<u>3,942,734</u>	<u>4,601,919</u>
Total	<u>4,292,640</u>	<u>4,804,361</u>

## 17. LOAN RECEIVABLES

	As at 30 June 2021 RMB'000 Unaudited	As at 31 December 2020 RMB'000 Audited
<b>Non-current</b>		
Long-term loan receivables (a)	<u>348,480</u>	<u>348,480</u>
<b>Current</b>		
Short-term and current portion of long-term loan receivables (b)	1,626,455	1,218,975
Less: impairment provision (c)	<u>(44,786)</u>	<u>(44,786)</u>
	<u>1,581,669</u>	<u>1,174,189</u>
Total loan receivables, net of provision	<u><u>1,930,149</u></u>	<u><u>1,522,669</u></u>

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

- (a) As at 30 June 2021, long-term loan receivables of approximately RMB348 million (31 December 2020: approximately 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.
- (b) As at 30 June 2021, short-term loan receivables of approximately RMB1,626 million (31 December 2020: approximately RMB1,219 million) comprised of various loans with residual repayment terms within 1 year and with individual amount ranging from approximately RMB34 million to approximately 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.
- (c) As at 30 June 2021, provisions amounting to approximately RMB45 million (31 December 2020: approximately 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 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Notes receivable designated as financial assets at fair value through other comprehensive income	<u>2,479,156</u>	<u>1,930,903</u>

The notes receivables have been designated as financial assets at fair value through other comprehensive income as the Group's business model is achieved both by collecting contractual cash flows and selling of these assets (e.g. through endorsing the bank acceptable notes to suppliers as settlement of payable amounts or through discounting them to financial institutions to collect cash prior to the contractual maturity dates of the notes).

The settlement of the notes receivable was guaranteed by banks with maturity dates within 1 year. The notes receivable can be convertible into cash and cash equivalents by paying discounting interests and the credit risks in respect of the notes receivable are considered to be low.

As at 30 June 2021, notes receivable amounting to approximately RMB167 million (31 December 2020: approximately RMB86 million) was pledged as security for the Group's notes payable (Note 21).

As at 30 June 2021 and 31 December 2020, the ageing analysis of notes receivable was as follows:

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Within 3 months	2,207,203	1,093,465
4-6 months	271,953	825,926
7-12 months	–	11,512
	<u>2,479,156</u>	<u>1,930,903</u>

## 19. STRUCTURED BANK DEPOSITS

	As at 30 June 2021 <i>RMB'000</i> Unaudited	As at 31 December 2020 <i>RMB'000</i> Audited
Financial assets at fair value through profit or loss	<u>320,000</u>	<u>1,520,000</u>

As at 30 June 2021, the structured bank deposits represented financial instruments placed by the Group in various banks in the Mainland China for fixed terms within 1 year. The interest of structured bank deposits of RMB300 million was linked to BFIX USD/NOK rate and RMB20 million was linked to CFETS 7-day repo (R007) rate.

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 interest of structured bank deposits of approximately RMB520 million was linked to SHIBOR and amount of RMB1,000 million was linked to LIBOR and BFIX EUR/USD rate.

Considering the 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 30 June 2021, structured bank deposits amounting to nil (31 December 2020: RMB1,000 million) were pledged as security for issuing notes payable (Note 21) of the Group.

## 20. BORROWINGS

	<b>As at 30 June 2021 RMB'000 Unaudited</b>	As at 31 December 2020 RMB'000 Audited
<b>Non-current</b>		
Bank borrowings		
— Secured ( <i>i</i> )	44,500	20,000
— Unsecured	3,202,500	2,856,948
	<u>3,247,000</u>	<u>2,876,948</u>
<b>Current</b>		
Bank borrowings		
— Secured ( <i>i</i> )	4,458,239	2,884,325
— Unsecured	7,651,547	5,499,685
	<u>12,109,786</u>	<u>8,384,010</u>
Other borrowings, unsecured	<u>20,000</u>	<u>20,000</u>
	<u>12,129,786</u>	<u>8,404,010</u>
Total borrowings	<u><u>15,376,786</u></u>	<u><u>11,280,958</u></u>

The borrowings of the Group as at 30 June 2021 were composed as follows:

- (i) The secured bank borrowings as at 30 June 2021, totaling RMB4,503 million were secured by property, plant and equipment of approximately RMB239 million, right-of-use assets with carrying amount of approximately RMB24 million, trade receivables of approximately RMB42 million and restricted bank balances of approximately RMB3,502 million.

The secured bank borrowings as at 31 December 2020, totaling RMB2,904 million were secured by property, plant and equipment of approximately RMB240 million, right-of-use asset with carrying amount of approximately RMB24 million, trade receivables of approximately RMB329 million and restricted bank balances of approximately RMB1,902 million.

As at 30 June 2021 and 31 December 2020, the Group's borrowings were repayable as follows:

	<b>Bank borrowings</b>		<b>Other borrowings</b>	
	<b>As at 30 June 2021 RMB'000 Unaudited</b>	<b>As at 31 December 2020 RMB'000 Audited</b>	<b>As at 30 June 2021 RMB'000 Unaudited</b>	<b>As at 31 December 2020 RMB'000 Audited</b>
Within 1 year	<b>12,109,786</b>	8,384,010	<b>20,000</b>	20,000
Between 1 and 2 years	<b>3,140,500</b>	2,562,948	–	–
Between 2 and 5 years	<b>63,500</b>	267,000	–	–
Over 5 years	<b>43,000</b>	47,000	–	–
	<b><u>15,356,786</u></b>	<u>11,260,958</u>	<b><u>20,000</u></b>	<u>20,000</u>

## 21. TRADE PAYABLES

	<b>As at 30 June 2021 RMB'000 Unaudited</b>	<b>As at 31 December 2020 RMB'000 Audited</b>
Account payables	<b>2,670,025</b>	2,939,198
Notes payable	<b>2,998,343</b>	4,142,168
	<b><u>5,668,368</u></b>	<u>7,081,366</u>

As at 30 June 2021, all notes payable represented bank acceptance notes which were secured by restricted bank balances of approximately RMB1,324 million and certain notes receivable (Note 18).

As at 31 December 2020, all notes payable represented bank acceptance notes which were secured by restricted bank balances of approximately RMB2,908 million, certain notes receivable (Note 18), certain structured bank deposits (Note 19) and certain inventories.

As at 30 June 2021 and 31 December 2020, the ageing analysis of the account payables based on invoice date was as follows:

	<b>As at 30 June 2021 RMB'000 Unaudited</b>	<b>As at 31 December 2020 RMB'000 Audited</b>
Within 3 months	<b>2,329,287</b>	2,635,051
4–6 months	<b>110,867</b>	117,148
7–9 months	<b>59,480</b>	57,474
10–12 months	<b>35,973</b>	16,291
Over 1 year	<b>134,418</b>	113,234
	<b><u>2,670,025</u></b>	<u>2,939,198</u>

As at 30 June 2021 and 31 December 2020, the ageing analysis of the notes payables was as follows:

	<b>As at 30 June 2021 RMB'000 Unaudited</b>	As at 31 December 2020 RMB'000 Audited
Within 3 months	1,150,344	1,651,268
4–6 months	506,099	510,900
7–9 months	797,000	1,220,000
10–12 months	544,900	760,000
	<u>2,998,343</u>	<u>4,142,168</u>

## 22. FINANCIAL GUARANTEE CONTRACTS

	<b>As at 30 June 2021 RMB'000 Unaudited</b>	As at 31 December 2020 RMB'000 Audited
Guarantee for engineering and trading	<u>57,413</u>	<u>96,115</u>

As at 30 June 2021, Chongqing Jodear Power Equipment Co., Ltd. provided guarantee for engineering and trading in favour of third parties amounted to approximately RMB57 million (31 December 2020: approximately RMB96 million).

The Directors are of the view that such obligation will not cause an outflow of resources embodying economic benefits and hence have concluded that the fair value of these financial guarantee contracts are not significant.

## 23. CAPITAL COMMITMENTS

	<b>As at 30 June 2021 RMB'000 Unaudited</b>	As at 31 December 2020 RMB'000 Audited
Purchase of property, plant and equipment		
– Contracted but not provided for	277,498	594,632
– Authorised but not contracted for	219,560	202,283
	<u>497,058</u>	<u>796,915</u>
Purchase of properties under development	<u>379,584</u>	<u>88,957</u>



## MANAGEMENT DISCUSSION AND ANALYSIS

Looking back at the first half of 2021, the iron and steel industry in China has been volatile during these six months. The international environment remained complicated and volatile, as the tug-of-war persisted between China and the U.S. However, the global economy gradually came out of the doldrums as new coronavirus vaccines became more available and the economy rebooted, stimulating demand for commodities and raw materials. With strong demand in the domestic steel market and a significant increase in the average selling price of steel products, the steel industry as a whole has been performing well, showing strong production and sales and improved efficiency. At the same time, the prices of various raw materials for steel production rose rapidly, with the Platts 62% iron ore price index climbing from 164.5 at the end of 2020 to 218.4 at the end of June 2021, which affected the profitability of the steel industry to a certain extent. To sum up, China's steel production volume remains at a high level with growth. According to information from the China Iron and Steel Association, the national production volumes of pig iron, crude steel and steel products in the first half of 2021 were 456 million tonnes, 563 million tonnes and 698 million tonnes, respectively, representing an increase of 4.0%, 11.8% and 13.9% from the corresponding period in 2020, respectively.

With regard to policies of the iron and steel industry, in May 2021, the Ministry of Industry and Information Technology of the People's Republic of China (“MIIT”) issued the “Implementation Measures of Capacity Replacement in the Iron and Steel Industry” and related interpretations (“**Steel Capacity Replacement Measures**”), which expanded the scope of the key regions for air pollution prevention and control (including Beijing-Tianjin-Hebei, Yangtze River Delta, Pearl River Delta, Fenwei Plain and other “2+26” air corridor cities) and the total production capacity control areas, and significantly increased the production capacity replacement ratio (the steel production capacity replacement ratio is not less than 1.5:1 in the key regions for air pollution prevention and control, and not less than 1.25:1 in other regions). In addition, the Chinese government is currently preparing the “Iron and Steel Industry Carbon Peaking and Carbon Reduction Action Plan”, which initially sets out to achieve carbon emissions peaking in the steel industry by 2025 and to reduce carbon emissions in the steel industry by 30% from the peak by 2030 (the “**Dual Carbon Emission Targets for Steel Industry**”).

In this context, the Group has continuously pursued efficiency improvement, cost control and investment in environmental protection, thereby enhancing operational efficiency and sustainability. Benefiting from combined effects of (i) the strong demand in the domestic steel market and a significant increase in average selling price of the steel products; (ii) the implementation of an effective cost control mechanism by the Group, despite a significant increase in raw material prices during the first half of the year; and (iii) the completion of the equipment upsizing project of the Group by the year end of 2020 and the commencement of production by such newly installed equipment, hence, the adverse impact on operation efficiency from implementation of the project onsite has been eliminated, the Group's gross profit recorded a significant increase and the Group's interim results were also significantly increased than those of the corresponding period last year. Revenue for the six months ended 30 June 2021 was approximately RMB24.98 billion, representing an increase of approximately 46.8% over the corresponding period last year. Compared with corresponding period last year, the average unit price and sales volume of self-manufactured steel products increased by

39.6% and 6.3% to approximately RMB4,454 per tonne and approximately 3.87 million tonnes respectively, while gross profit increased by approximately 85.6% to approximately RMB1,960 million. The Group's net profit for the interim period was approximately RMB1,616 million, representing an increase of approximately 105.5% over the profit of approximately RMB786 million for the corresponding period last year. The Group's EBITDA increased to approximately RMB2.64 billion from approximately RMB1.52 billion in the corresponding period last year, with basic earnings per share of RMB0.42 (corresponding period in 2020: RMB0.21).

In July 2021, the Company was ranked the 278th in the top 2021 Fortune China 500 companies. In April 2021, Hebei Jinxi Iron and Steel Group Company Limited ("**Jinxi Limited**"), a subsidiary of the Company, was awarded the title of "2020 Leading Entity of National Occupational Skill Testing of Metallurgical Industry" by Occupational Skill Testing Authority of Metallurgical Industry. In May 2021, Hebei Jinxi Sheet Piling Section Steel Technology Co., Ltd, a subsidiary of the Company, was awarded the "Most Influential International Independent Brand in China (Industry)" at the 2021 (5th) Chinese Brand Summit in Boao.

Based on the results of the first half of 2021 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 declared the distribution of 2021 interim dividend of HK\$0.10 per ordinary share and special 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. During the first half of 2021, the Group has stepped up its comprehensive budget management to reduce costs, and has developed and launched a number of products, including angle steel of different standards, precast steel components (i.e. "precast steel components" or "PS components") and precast concrete components (i.e. "precast concrete components" or "PC components") for prefabricated construction, marine engineering steel, and medium-width strip with boron elements, etc.. Furthermore, in response to government policy requirements, the Group's Equipment Upsizing Project (the Group's project of building 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 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**") in 2019–2020) was completed by the end of 2020 and the new installation was put into production. Currently, the Group's main production facilities in Tangshan have been upgraded to two blast furnaces with a capacity of 2,000 cubic meters and four blast furnaces with a capacity of 1,280 cubic meters, as well as two converters furnaces with a capacity of 150 tonnes and two converters furnaces with a capacity of 100 tonnes. With the completion of the Equipment Upsizing Project and the accompanying adjustment of the production line, the Group has shifted its resources from the production of rebars to products such as section steel, strips and sheet piling, and the Group's annual steel products production capacity has been maintained at approximately 10 million tonnes. 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**”) in 2019. 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 promote energy conservation and emission reduction going forward. As of July 2021, more than 90% of the Branch-line Railway Project was completed, with approximately 22,000 meters of track laid. During the first half of 2021, the Group sold approximately 1.60 million tonnes of self-manufactured H-section steel products, and kept securing its leading position in the H-section steel market of China since 2009.

In the year 2020, the Group has held approximately 30% of the issued shares of Qingdao Huijintong Power Equipment Company Limited (“**HJT**”). In January 2021, Jinxi Limited entered into a share subscription agreement with HJT, pursuant to which Jinxi Limited conditionally agreed to subscribe for up to 50,870,865 newly issued shares of HJT at a subscription price of RMB7.51 per share. On a fully diluted basis, the Group will hold approximately 40.5% of the issued shares of HJT upon completion of the subscription, further realising the extension of the business chain to downstream. Currently, the precedent conditions of the share subscription agreement have been fulfilled and the subscription is expected to be completed in the second half of 2021. HJT is principally engaged in the research and development, manufacturing and sales of power transmission equipment, and it currently operates a manufacturing plant with an annual production capacity of approximately 250,000 tonnes in Shandong Province, the PRC, which is a downstream customer of the Group.

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. Upon 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. Currently, the revised Steel Capacity Replacement Measures have come into effect and the policy on production capacity replacement has been clarified. However, under the background of the national policy on carbon emission peaking and carbon neutrality, there is considerable uncertainty as to whether the Fangchenggang Project can obtain the energy consumption target. The Group will continue to closely follow up the relevant development with the local government and continue to assess the impact on the Fangchenggang Project.

With respect to the real estate business, the Group was dedicated in promoting green structural construction development 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 previous years. In the first half of 2021, the 4th phase of the Donghu Bay project in Tangshan City, and the Jinxi Meishu Hall and Jinxi Xijiang Bay projects in Guangxi are under construction, of which the pre-sale of the Jinxi Meishu Hall project has commenced. In the first half of 2021, the Group recorded from its real estate business a revenue and operating loss of approximately RMB27 million and RMB8 million respectively.

In the first half of 2021, the revenue and gross loss arising from trading of steel products and iron ore of the Group were approximately RMB6.97 billion (2020 corresponding period: approximately RMB4.86 billion) and approximately RMB27 million (2020 corresponding period: gross profit approximately RMB77 million) respectively.

Finally, with the good results of the Group, the Board would like to take this opportunity to express the 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

For the six months ended 30 June 2021, the Group's total sales volume was approximately 3.87 million tonnes (2020 corresponding period: approximately 3.64 million tonnes), representing an increase of approximately 6.3%. Export to foreign countries contributed revenue of RMB59 million (2020 corresponding period: RMB295 million), representing approximately 0.3% (2020 corresponding period: 2.5%) of revenue from sales of self-manufactured steel products.

The sales volume breakdown during the period was as follows:

	For the six months ended 30 June				Changes in sales volume Increase/ (Decrease)
	2021		2020		
	Sales volume		Sales volume		
	('000 tonnes)		('000 tonnes)		
H-section steel products	<b>1,595</b>	<b>41.2%</b>	1,452	39.9%	9.8%
Strips and strip products	<b>1,450</b>	<b>37.4%</b>	439	12.0%	230.3%
Cold rolled sheets and galvanised sheets	<b>135</b>	<b>3.5%</b>	113	3.1%	19.5%
Billets	<b>352</b>	<b>9.1%</b>	620	17.0%	(43.2%)
Rebar	<b>–</b>	<b>–</b>	609	16.7%	(100.0%)
Sheet piling	<b>340</b>	<b>8.8%</b>	411	11.3%	(17.3%)
Total	<b>3,872</b>	<b>100%</b>	<b>3,644</b>	<b>100%</b>	<b>6.3%</b>

## Revenue

Revenue for the six months ended 30 June 2021 was RMB17,247 million (2020 corresponding period: RMB11,628 million), representing an increase of approximately 48.3%.

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

	For the six months ended 30 June		2020		Changes in	
	2021	Average	Revenue	Average	Revenue	Average
	Revenue	selling price	Revenue	selling price	Revenue	selling price
	(RMB million)	(RMB/tonne)	(RMB million)	(RMB/tonne)	Increase/(Decrease)	
	Unaudited		Unaudited			
H-section steel products	7,043	4,417	4,600	3,169	53.1%	39.4%
Strips and strip products	6,428	4,432	1,316	2,998	388.4%	47.8%
Cold rolled sheets and galvanised sheets	735	5,436	478	4,212	53.8%	29.1%
Billets	1,406	3,994	1,772	2,859	(20.7%)	39.7%
Rebar	-	-	1,854	3,044	(100.0%)	(100.0%)
Sheet piling	1,635	4,813	1,608	3,915	1.7%	22.9%
Total/Combined	<u>17,247</u>	<u>4,454</u>	<u>11,628</u>	<u>3,191</u>	<u>48.3%</u>	<u>39.6%</u>

The increase in revenue from self-manufactured steel products was primarily due to the increase in sales volume of the Group's products and the increase in average selling price of the Group's products by 39.6% to RMB4,454 per tonne for the six months ended 30 June 2021 from RMB3,191 per tonne for the corresponding period in 2020. The increase in average selling price and increase in sales volume of the Group's steel products was mainly due to the strong demand in the domestic steel market and a significant increase in average selling price of the steel products and the completion of the Equipment Upsizing Project in 2020 that the adverse impact on operation efficiency from implementation of the project onsite has been eliminated.

## Cost of Sales and Gross Profit

The gross profit for the six months ended 30 June 2021 was approximately RMB1,960 million (2020 corresponding period: approximately RMB1,056 million), representing an increase of approximately 85.6%. Gross profit margin was 11.4% (2020 corresponding period: 9.1%).



Average unit cost and gross profit per tonne during the period were as follows:

	For the six months ended 30 June					
	2021			2020		
	Average unit cost (RMB)	Gross profit per tonne (RMB)	Gross profit margin	Average unit cost (RMB)	Gross profit per tonne (RMB)	Gross profit margin
H-section steel products	3,932	485	11.0%	2,809	360	11.4%
Strips and strip products	3,812	620	14.0%	2,778	220	7.3%
Cold rolled sheets and galvanised sheets	5,204	232	4.3%	4,102	110	2.6%
Billets	3,635	359	9.0%	2,658	201	7.0%
Rebar	–	–	–	2,912	132	4.3%
Sheet piling	4,436	377	7.8%	3,382	533	13.6%
Combined	<u>3,948</u>	<u>506</u>	<u>11.4%</u>	<u>2,901</u>	<u>290</u>	<u>9.1%</u>

Gross profit per tonne of the Group's steel products increased to RMB506 for the six months ended 30 June 2021 from RMB290 for the corresponding period in 2020, reflecting a substantial increase of 74.5%. Gross profit margin increased to 11.4% for the six months ended 30 June 2021 from 9.1% for the corresponding period in 2020. The increase in gross profit margin was primarily due to the increase in the average selling price was greater than the increase in the average unit cost, the increase in sales volume of the Group's steel products and the implementation of an effective cost control mechanism during the six months ended 30 June 2021.

## Property Development

For the six months ended 30 June 2021, the revenue from real estate business of the Group amounted to approximately RMB27 million. The gross floor area and average selling price of properties delivered were approximately 400m<sup>2</sup> and approximately RMB7,600 per m<sup>2</sup> respectively.

As at 30 June 2021, the Group had the following projects under construction with a GFA approximately 390,000 m<sup>2</sup>:

No.	City	Property project	Phase of project	GFA under Construction (m <sup>2</sup> )	Estimated time of completion	Effective interest owned
1	Tangshan	Donghu Bay	Phase 4	70,000	2022	97.6%
2	Fangchenggang	Jinxi Meishu Hall	Main structure	72,000	2022	97.6%
3	Fangchenggang	Jinxi Xijiang Bay	Foundational phase	248,000	2023	97.6%

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 into the second half of 2021, the international environment will still be complicated and volatile. The pandemic of COVID-19 and its variant impose uncertainty on the economy. The year 2021 marks the beginning of China'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. It intends to strive to achieve a sustainable development structure that the steel industry features a rational industry layout, advanced technologies and equipment, outstanding quality and brands, high level of artificial intelligence, strong global competitiveness, and green and low-carbon. The 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) in February 2021, which pointed out that in 2021, it would 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 May 2021, MIIT issued Steel Capacity Replacement Measures, which significantly increased the ratio of capacity replacement. Furthermore, the steel industry is expected to be strictly regulated in terms of output in the future under the Dual Carbon Emission Targets for Steel Industry. On the demand side of the steel industry, China's infrastructure investment is expected to be more active in the second half of the year. Demand from household appliances and automobiles would stay strong, but machinery and real estate would remain sluggish due to the effects caused by the cycle and regulation. Overall, the steel demand from downstream industries would still be stable. As for the costs, a slowdown in steel production is expected for the second half of 2021 due to the above policies. Thus, the supply and demand for iron ore will gradually shift to a more relaxed situation. Overall, the steel industry as a whole is expected to be relatively positive and optimistic in the second half of 2021.

Against this backdrop, the Group will actively follow the PRC government's policies and plans to enhance its competitiveness and strive for a leading position in the industry by continuously improving production efficiency and reducing costs, developing and increasing high value-added products, expanding its market share, strengthening internal management and optimising the use of internal resources and continuously upgrading its facilities. The Group will continue to focus on the development of the section steel business. The Group is in the process of revamping its steel rolling line to enhance the section steel rolling capacity and sharpen the Group's advantages in the section steel business. Apart from focusing on the steel manufacturing business, the Group is also actively expanding its market-based steel products and raw materials trading business and downstream steel-related PS and PC components for prefabricated construction, as well as developing new materials for sale using steel slag as cement compound, gradually bringing new business to the Group in various aspects.

To achieve the Dual Carbon Emission Targets for Steel Industry and adhere to the commitment to the idea of green and sustainable development, the Group is closely following policy development and exploring the feasibility of different technical solutions to conduct studies and deployment for emission reduction at an earlier stage. Meanwhile, the Group expects the Branch-line Railway Project to come into operation within 2021, replacing road transportation with rail transportation and further reducing emissions. In addition, the Group continues to invest in various projects on environmental protection equipment, including various dust removal upgrade projects, canopy systems and self-generating units running on blast furnace gas, to achieve further emission reduction and to strive for better environmental performance.

Currently, the Group retains a relatively large amount of cash and resources within the Group in order to cope with future development needs. Aside from its focus on the manufacturing and sales of steel products, the Group is also proactively considering a wide variety of possibilities, including horizontal and vertical (in particular, downstream) corporate mergers and acquisitions, etc.. The Group will also, from time to time, evaluate the possibility to increase dividend distributions under appropriate circumstances to reward Shareholders' support for the Group.

Since its listing in 2004, the Group has been expanding its business scale and broadening its steel product range and business portfolio. In the past 17 years (since its listing), the Group's overall annual steel products production capacity has increased from approximately 3.1 million tonnes at the time of listing to approximately 10 million tonnes at present. The steel product range includes H-sections, steel pilings, strips and strip products, billets, cold rolled sheets and galvanised sheets as well as rebars. The Group continues to develop product in different series and with various specifications to meet market needs. In addition, the H-section steel products manufactured by the Group maintains a leading position in the PRC. The Group will continue to develop its business towards the goal of establishing the world's largest section steel production base and explore upstream and downstream expansion in the industry to become a sizable enterprise with distinctive products. The Group will strive to make effective use of its existing strong financial position and efficient management model to promote the green and sustainable development of the Group in order to maximise Shareholders' value.

## **HUMAN RESOURCES AND REMUNERATION POLICIES**

As at 30 June 2021, the Group had a workforce of approximately 11,200 permanent staff and approximately 20 temporary staff. 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.. 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.

## **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 30 June 2021, the Group had unutilised banking facilities of approximately RMB7.5 billion (31 December 2020: approximately RMB7.2 billion).

As at 30 June 2021, the current ratio of the Group, representing current assets divided by current liabilities, was 1.3 times (31 December 2020: 1.3 times) and the gearing ratio, representing total liabilities divided by total assets, was 53.9% (31 December 2020: 52.4%).

As at 30 June 2021, the cash and cash equivalents of the Group amounted to approximately RMB4,977 million (31 December 2020: approximately RMB3,486 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 Structures**

As at 30 June 2021, borrowings of RMB13,491 million of the Group bore fixed interest rates ranged from 0.24% to 7.50% per annum and borrowings of RMB1,886 million of the Group bore floating rates ranged from 2.83% 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 30 June 2021, the notional amounts of these derivative instruments amounted to USD38 million (31 December 2020: 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 30 June 2021, the debt-to-capital ratio of the Group was 61.1% (31 December 2020: 48.4%).

The consolidated interest expenses and capitalised interest for the six months ended 30 June 2021 amounted to approximately RMB203 million (2020 corresponding period: approximately RMB173 million). The interest coverage ratio (divide earnings before finance costs – net and income tax expense by total interest expenses) was 10.5 times (2020 corresponding period: 5.7 times).

### **Capital Commitments**

As at 30 June 2021, the Group had capital commitments of approximately RMB877 million (31 December 2020: approximately RMB886 million). It is estimated that the capital commitments will be financed by the Group's internal resources and available banking facilities.

### **Guarantees and Contingent Liabilities**

As at 30 June 2021, the Group's contingent liabilities amounted to approximately RMB57 million (31 December 2020: approximately RMB96 million), which was the provision of guarantee for engineering and trading in favour of third parties.

### **Pledge of Assets**

As at 30 June 2021, the net book value of the Group's leasehold land and land use right amounting to approximately RMB24 million (31 December 2020: approximately RMB24 million), property, plant and equipment amounting to approximately RMB239 million (31 December 2020: approximately RMB240 million), trade receivables amounting to approximately RMB42 million (31 December 2020: approximately RMB329 million), notes receivable amounting to approximately RMB167 million (31 December 2020: approximately RMB86 million), structured bank deposits amounting to nil (31 December 2020: RMB1,000 million) and restricted bank balances amounting to approximately RMB4,915 million (31 December 2020: approximately RMB3,637 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 ores 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 continuous fluctuation of the RMB exchange rate against USD, during the six months ended 30 June 2021, 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 and Steel Products Futures**

In view of the significant fluctuation of iron ore and steel products prices during the six months ended 30 June 2021, the Group has entered into certain iron ore and steel products future contracts so as to reduce the impact of the volatility of the iron ore and steel products prices on the Group. The Group uses a combination of iron ore and steel products derivatives to achieve the above purpose. The investment gains from iron ore and steel products future contracts amounted to approximately RMB101 million (2020 corresponding period: investment losses of approximately RMB29 million) for the Period.

## **Dividend**

The Board proposed an interim dividend of HK\$372.3 million (approximately RMB309.3 million), representing HK\$0.10 per ordinary share and a special dividend of HK\$186.1 million (approximately RMB154.6 million), representing HK\$0.05 per ordinary share in respect of the six months ended 30 June 2021 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Friday, 17 September 2021. The interim and special dividends will be payable on or around Friday, 22 October 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. The proposed dividend was approved by the shareholders of the Company on the annual general meeting of the Company dated 2 June 2021 and paid on 8 July 2021.

## **Financial Assets at Fair Value Through Profit or Loss**

As at 30 June 2021, the Group held financial assets at fair value through profit or loss of approximately RMB4,293 million, accounting for 8.7% of total assets, particulars of which are set out below:

## Money Market Funds

Name of the financial assets	Number of units held as at 30 June 2021 ('000)	Investment cost as at 30 June 2021 (RMB'000)	Fair value as at 30 June 2021 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2021 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2021
<b>Harvest Fund Management Company Limited</b>					
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	62,908	62,908	63,002	1,600	0.13%
Harvest HuoQiBao Monetary Market Fund*					
嘉實活期寶貨幣市場基金	1,617	1,617	1,617	105	< 0.01%
Harvest Monetary Market Fund*					
嘉實貨幣市場基金	82,322	82,322	82,322	3,288	0.17%
<b>Bosera Asset Management Company Limited</b>					
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	26,087	26,087	26,087	172	0.05%
Bosera Cash Pot Money Market Fund					
博時現金寶貨幣市場基金	16,225	16,225	16,225	453	0.03%
<b>China Minsheng Banking Corp., Ltd.</b>					
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	–	–	–	98	–
Minsheng JiaYin Cash Pot Monetary Market Fund*					
民生加銀現金寶貨幣市場基金	–	–	–	71	–
China Southern TianTianLi Monetary Market Fund*					
南方天天利貨幣市場基金	4,019	4,019	4,019	121	0.01%
Harvest Monetary Market Fund*					
嘉實貨幣市場基金	–	–	–	86	–
<b>Bank of Communications Co., Ltd.</b>					
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	–	–	–	1,138	–
Aegon-Industrial Monetary Market Securities Investment Fund*					
興全貨幣市場證券投資基金	–	–	–	781	–
China Southern TianTianLi Monetary Market Fund*					
南方天天利貨幣市場基金	–	–	–	249	–
<b>ZhongRong Fund Management Company Limited</b>					
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	198	198	198	523	< 0.01%
<b>China Southern Asset Management Company Limited</b>					
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	65,873	65,873	65,873	911	0.13%
Others	–	–	–	13	–

Name of the financial assets	Number of units held as at 30 June 2021 ( '000)	Investment cost as at 30 June 2021 (RMB'000)	Fair value as at 30 June 2021 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2021 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2021
<b>Aegon-Industrial Fund Management Company Limited</b>					
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	66,634	66,634	66,634	1,886	0.14%
<b>HwaBao WP Fund Management Company Limited</b>					
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	-	-	-	169	-
<b>HFT Investment Management Co., Ltd.</b>					
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	31,642	31,642	31,642	2,183	0.06%
<b>China Merchants Bank Co., Ltd.</b>					
招商銀行股份有限公司 Aegon-Industrial Monetary Market Securities Investment Fund*					
興全貨幣市場證券投資基金	-	-	-	132	-
China Universal Money Market Fund*	-	-	-	182	-
匯添富貨幣市場基金	-	-	-	18	-
Others	-	-	-	-	-
<b>Minsheng Royal Fund Management Co., Ltd.</b>					
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	-	-	-	227	-
<b>HuaAn Fund Management Co., Ltd.</b>					
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	-	-	-	252	-
<b>UBS SDIC Fund Management Co., Ltd.</b>					
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	-	-	-	163	-
<b>E Fund Management (HK) Co., Ltd.</b>					
E Fund (HK) US Dollar Money Market Fund					
	-	-	-	(848)	-
<b>Da Cheng International Asset Management Co., Ltd.</b>					
Da Cheng Money Market Fund					
	-	-	-	(765)	-
<b>CCB Principal Asset Management Co., Ltd.</b>					
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	12	12	12	379	< 0.01%
CCB Principal Cash Enhance Money Market Fund*	-	-	-	1,305	-
建信現金增利貨幣市場基金	-	-	-	-	-
<b>Others</b>	-	-	-	29	-
<b>Total</b>		<u>357,537</u>	<u>357,631</u>	<u>14,921</u>	<u>0.73%</u>

## **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) and Bosera Cash Pot Money Market Fund (博時現金寶貨幣市場基金) 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 ("CSRC") 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 CSRC 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.

*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); (4) other monetary market instruments with good liquidity approved by the CSRC and the People's Bank of China.

*China Merchants Bank Co., Ltd. (招商銀行股份有限公司)*

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 CSRC 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 CSRC 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 CSRC 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 CSRC and the People's Bank of China.

*E Fund Management (HK) Co., Ltd.*

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 financial 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) and CCB Principal Cash Enhance Money Market Fund\* (建信現金增利貨幣市場基金) strive to achieve stable and outperforming investment returns while maintaining low risk and high liquidity of the assets of the fund. The funds 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 funds 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 CSRC and the People's Bank of China. The funds must not invest in the following financial instruments: (1) stocks; (2) convertible bonds and exchangeable bonds; (3) bonds with credit ratings below AA+ and non-financial corporate debt financing instruments; (4) floating rate bonds with interest rates based on time deposit rates, except for those that have entered the last interest rate adjustment period; (5) asset-backed securities that are not traded on the national interbank bond market or stock exchange; (6) other financial instruments prohibited from investment by the CSRC and the People's Bank of China.

## Financial Investment Products

Name of the financial assets	Number of units held as at 30 June 2021 (‘000)	Investment cost as at 30 June 2021 (RMB‘000)	Fair value as at 30 June 2021 (RMB‘000)	Realised investment income/(loss) for the six months ended 30 June 2021 (RMB‘000)	Fair value to the total assets of the Group as at 30 June 2021
<b>China Minsheng Banking Corp., Ltd.</b>					
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	- <sup>1</sup>	10,720	10,720	471	0.02%
<b>China Construction Bank Corporation</b>					
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	- <sup>1</sup>	10,500	10,500	47	0.02%
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	- <sup>1</sup>	200	200	-	< 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	- <sup>1</sup>	8,450	8,450	369	0.02%
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	- <sup>1</sup>	1,420	1,420	38	< 0.01%
<b>Agricultural Bank of China Limited</b>					
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	-	-	-	116	-
<b>China Merchants Bank Co., Ltd.</b>					
招商銀行股份有限公司					
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	- <sup>1</sup>	2,950	2,950	175	0.01%
China Merchants Bank Dianjin Corporate Wealth Management RMB DianJinChi Wealth Management Plan*					
招商銀行點金公司理財之人民幣點金池理財計劃	200,000	200,000	200,000	-	0.41%
<b>Bank of Communications Co., Ltd.</b>					
交通銀行股份有限公司					
“YunTong Fortune • JiuJiuYangLao” RiYing* 「蘊通財富•久久養老」日盈					
	- <sup>1</sup>	500	500	993	< 0.01%
<b>CSC Financial Co., Ltd.</b>					
中信建投證券股份有限公司					
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	30,093	-	0.06%

Name of the financial assets	Number of units held as at 30 June 2021	Investment cost as at 30 June 2021	Fair value as at 30 June 2021	Realised investment income/(loss) for the six months ended 30 June 2021	Fair value to the total assets of the Group as at 30 June 2021
	('000)	(RMB'000)	(RMB'000)	(RMB'000)	
<b>China International Capital Corporation Limited</b> 中國國際金融股份有限公司 ZhongJinXinYi Collective Asset Management Plan* 中金鑫益集合資產管理計劃	–	–	–	817	–
<b>Bank of Tianjin Co., Ltd.</b> 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 — 對公天天開放淨值型1期」對公理財產品	–	–	–	639	–
<b>Industrial and Commercial Bank of China Limited</b> 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 ICBC “Tianlibao” Net Value Financial Investment Product for Corporate* 中國工商銀行法人「添利寶」淨值型理財產品 ICBC “eSmart” Net Value Non-fixed Term RMB Financial Investment Product for Corporate* 中國工商銀行「e靈通」淨值型法人無固定期限人民幣理財產品	–	–	–	36	–
	–	–	–	289	–
	–	–	–	4	–
<b>China Minsheng Trust Co., Ltd.</b> 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	–	–	–	970	–
<b>Xiamen International Trust Co., Ltd.</b> 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	– <sup>1</sup>	50,000	50,000	3,169	0.10%
<b>Tebon Securities Co., Ltd.</b> 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 Others	50,000 14,976	50,000 15,000	51,195 15,028	1,270 385	0.10% 0.03%
<b>Caitong Securities Asset Management Co., Ltd.</b> 財通證券資產管理有限公司 Caitong Securities Asset Management Yueyuefu No. 21 Assembled Assets Management Plan* 財通證券資管月月福21號集合資產管理計劃	30,000	30,000	30,042	–	0.06%
<b>Minsheng Securities Co., Ltd.</b> 民生證券股份有限公司 Minsheng Securities Qinyuan Chunruili No. 2 Assembled Assets Management Plan* 民生證券沁園春瑞利2號集合資產管理計劃	30,000	30,000	30,031	–	0.06%
<b>Others</b>	–	–	–	9,538	–
<b>Total</b>		<u>439,740</u>	<u>441,129</u>	<u>19,326</u>	<u>0.90%</u>

Note:

1. 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 portfolios which are in compliance with the regulatory requirements (0%–70%).

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 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 circulated in interbank and exchange markets. 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 Co., Ltd. (招商銀行股份有限公司)*

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.

China Merchants Bank Dianjin Corporate Wealth Management RMB DianJinChi Wealth Management Plan\* (招商銀行點金公司理財之人民幣點金池理財計劃) effectively controls portfolio risk and provides customers with risk-matched return through the adoption of 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., while striving to maximise customer revenue. The funds of this plan are invested, through China Merchants Bank Co., Ltd., in financial assets with higher credit rating and good liquidity in PRC interbank market, including but not limited to national bonds, financial bonds, central bank bills, bond repurchases, money lending, bank deposits, and other financial assets such as high credit rating corporate bonds, debentures, short-term financing bonds, medium-term bonds, asset-backed securities and subordinated bonds, etc.. The funds may also invest in other financial assets, such as convertible bonds, detachable bonds, new shares subscriptions, and exchange bonds. The investment ratios are: (1) bond assets, money lending, bank deposits (30%-100%); (2) other assets (no more than 70%).

*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)*

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).

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

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.

*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 which are funds and asset management plans of the abovementioned assets as investment subject.



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).

ICBC “Tainlibao” Net Value Financial Investment Product for Corporate\* (中國工商銀行法人「添利寶」淨值型理財產品) is a fixed income, non-capital-protected floating-income product that invests mainly in fixed income assets that meet 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.. At the same time, the product is allowed to carry out financing business such as pledge of certificates of deposit and bond repurchases due to liquidity demand. 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). The assets or the financiers involved in the asset portfolio are all rated A– or above in accordance with ICBC’s rating standards. The credit ratings of the various categories of bonds to be invested in are AA or above, and the credit ratings of the short-term financing vouchers are A-1 or above.

ICBC “eSmart” Net Value Non-fixed Term RMB Financial Investment Product for Corporate\* (中國工商銀行「e靈通」淨值型法人無固定期限人民幣理財產品) invests in the following assets that meet the regulatory requirements. The first category is assets with high liquidity such as bonds and deposits, including but not limited to monetary market transaction instruments like various kinds of bonds, deposits, monetary market funds, bond funds, pledge-style repurchase agreement and sales and repurchase agreement, bank acceptance notes investment, etc.. The second category is debt assets, including but not limited to debt financing investment and income/beneficial rights investment, etc.. Moreover, the product may carry out financing businesses such as pledge of deposits and bond repurchases due to liquidity demand. The investment ratios of each category of investment assets to total investment assets are as follows and can fluctuate within the range of 10% up or 10% down: High liquidity assets (bonds and bond funds, monetary market funds, interbank deposits, pledge-style repurchase agreement and sales and repurchase agreement, bank acceptance notes investment): 50%–100%; Debt assets (debt financing investment and income/beneficial rights investment): 0%–50%. The assets or the financiers involved in the asset portfolio are all rated A– or above in accordance with ICBC’s rating standards. The credit ratings of the various categories of bonds to be invested in are AA or above, and the credit ratings of the short-term financing vouchers are A-1 or above.

*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 Sunac Hetai. Sunac Group is a wholly-owned subsidiary of Sunac China Holdings Limited (“**Sunac China**”) in the PRC, which 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, exchangeable 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; and 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; and (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.

*Caitong Securities Asset Management Co., Ltd. (財通證券資產管理有限公司)*

Caitong Securities Asset Management Yueyuefu No. 21 Assembled Assets Management Plan\* (財通證券資管月月福21號集合資產管理計劃) adheres to the investment philosophy of sound investment and is designed to achieve long-term stable appreciation of the collective plan assets by investing in fixed income products under the premise of effective risk control. This collective plan mainly invests in domestic legally issued national bonds, local government bonds, central bank notes, financial bonds, policy financial bonds, corporate bonds, debentures (including non-public issued debentures), short-term financing bonds, medium-term bonds, private placement financing debt instruments, small to medium enterprises' private placement debts, convertible bonds, exchangeable bonds (including non-public issued exchangeable bond), bond repurchases, asset-backed securities, bond funds, money market funds, bank deposits, interbank deposit certificates, cash, shares issued from the conversion of convertible bonds or exchangeable bonds and warrants issued thereon, and warrants resulting from detach-traded convertible bonds. The plan may also invest in collective fund trust plans, asset management plans for specific muti-clients of fund managers and one-to-many designated asset management plans of fund managers (the investment scope of those invested plans shall not exceed the investment scope of this plan and no further investment in asset management products other than public securities investment funds is allowed). The rating of the issuer or guarantor of the corporate bonds, debentures (including non-public issued debentures), medium-term bonds, private placement financing debt instruments, asset-backed securities and convertible bonds (excluding exchangeable bonds) shall not be lower than AA; the rating of the debt or issuer or guarantor of the rating of small and medium enterprise private placement bonds shall not be lower than AA-; the debt rating of short-term financing bonds shall not be lower than A-1 or the issuer or guarantor of rating of the same shall not be lower than AA. The investment ratio for this product: (1) fixed income assets: 80%–100% of the total assets of the plan; the proportion of the collective plan's investment in a single bond (based on face value) shall not exceed 30% of the net assets of the plan; the proportion of investment in small and medium enterprise private placement bonds shall not exceed 40% of the total assets of the plan; the proportion of investment in exchangeable bonds and convertible bonds in total shall not exceed 40% of the net asset value of the plan; (2) equity

assets: 0–20% of the total assets of the plan, of which warrants account for 0–3% of the total assets; and (3) bond repurchases: the balance of the capital injection shall not exceed 40% of the net asset value of the plan, unless otherwise stipulated by the CSRC. Bond reverse repurchases: the balance of funds financed shall not exceed 100% of the net asset value of the plan as of the previous day.

*Minsheng Securities Co., Ltd. (民生證券股份有限公司)*

Minsheng Securities Qinyuan Chunruili No. 2 Assembled Assets Management Plan\* (民生證券沁園春瑞利2號集合資產管理計劃) strives to enhance the value of the entrusted assets. The financial instruments allowed to be invested under the plan include: fixed income instruments which include but not limited to national bonds, financial bonds, local government bonds, central bank notes, corporate bonds (including project income bonds), ultra short-term financing bonds, short-term financing bonds, medium-term notes (including project income notes), private placement financing debt instruments, subordinated bonds, short-term bonds of securities companies, hybrid capital bonds, asset-backed securities (excluding subordinated securities), asset-backed notes, debentures (including small public and non-public), convertible bonds, detachable bonds, interbank deposit certificates, bank deposits, bond repurchases (including repurchases and reverse repurchases), agreed repurchases (including repurchases and reverse repurchases), interbank deposits, monetary funds and publicly offered bond funds circulated in interbank/exchange markets, etc.. The market value ratio of the entrusted assets invested in the above fixed income products shall not be less than 80% of the total assets of the plan.

## Listed Bond Investments

Name of the financial assets	Number of units held as at 30 June 2021 ('000)	Investment cost as at 30 June 2021 (RMB'000)	Fair value as at 30 June 2021 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2021 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2021
<b>Beijing LeRui Asset Management Co., Ltd.</b>					
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	1,967	193,549	194,350	6,394	0.40%
<b>Shanghai Longlife Investment Co., Ltd.</b>					
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	1,292	128,943	126,069	4,274	0.26%
<b>Shanghai JunXi Investment Management Co., Ltd.*</b>					
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	2,558	269,769	271,026	10,415	0.55%

Name of the financial assets	Number of units held as at 30 June 2021 ( '000)	Investment cost as at 30 June 2021 (RMB'000)	Fair value as at 30 June 2021 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2021 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2021
<b>China International Capital Corporation Limited</b> 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	2,650	279,453	278,363	4,413	0.57%
<b>CCB Principal Asset Management Co., Ltd.</b> 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	2,386	244,649	244,760	6,069	0.50%
<b>Total</b>		<u>1,116,363</u>	<u>1,114,568</u>	<u>31,565</u>	<u>2.27%</u>

## 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 30 June 2021 ('000)	Investment cost as at 30 June 2021 (RMB'000)	Fair value as at 30 June 2021 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2021 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2021
<b>Shanghai QiuSheng Assets Management Co., Ltd.*</b>					
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	168,066	–	0.34%
<b>Jiu Ding Hua Xin (Beijing) Investment Fund Management Co., Ltd.</b>					
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	–	–	–	1,140	–
<b>Bosera Asset Management Company Limited</b>					
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	40,062	–	0.08%
<b>HFT Investment Management Co., Ltd.</b>					
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	25,504	–	0.05%
<b>Beijing Yuhua Fund Management Co., Ltd.</b>					
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(有限合夥)	20,000	20,000	20,000	–	0.04%
<b>Beijing Huilong Capital Management Co., Ltd.</b>					
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	59,014	60,000	61,020	–	0.12%
<b>Jiaxing Dingxin Zhiying Equity Investment Management Co., Ltd.</b>					
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	– <sup>1</sup>	50,000	50,000	–	0.10%
<b>Yinshang Huijin Investment Management Co., Ltd.</b>					
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	–	–	–	(1,119)	–
Yinshang Huijin Hengtong Private Fund*					
銀商匯金亨通私募基金	34,176	32,980	34,347	219	0.07%



Name of the financial assets	Number of units held as at 30 June 2021 ( '000)	Investment cost as at 30 June 2021 (RMB'000)	Fair value as at 30 June 2021 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2021 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2021
<b>Guotai Junan Securities Co., Ltd.</b>					
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	30,780	2,130	0.06%
Others	–	–	–	(391)	–
<b>Value Partners Limited</b>					
Value Partners Intelligent Funds — Chinese Mainland					
Focus Fund	66	39,246	43,331	–	0.09%
<b>Beijing Integrated Asset Management Co., Ltd.</b>					
北京積露資產管理有限公司					
Jilu No. 12 Private Securities Investment Fund*					
積露12號私募證券投資基金	30,000	30,000	30,708	–	0.06%
<b>Beijing Comb Fortune Investment Management Co., Ltd.</b>					
北京蜂巢財富資本管理有限公司					
Comb Jinyuan No. 1 Private Equity Securities Investment Fund*					
蜂巢津遠1號私募證券投資基金	30,000	30,000	31,167	–	0.06%
<b>Ningbo High-Flyer Quant Investment Management Partnership (Limited Partnership)</b>					
寧波幻方量化投資管理合夥企業(有限合夥)					
High-Flyer 500 Index Enhancement Xinxiang No. 6 Private Equity Securities Investment Fund*					
幻方500指數增強欣享6號私募證券投資基金	25,058	25,000	28,380	–	0.06%
High-Flyer 500 Index Enhancement Xinxiang No. 11 Private Equity Securities Investment Fund*					
幻方500指數增強欣享11號私募證券投資基金	14,835	15,000	17,288	–	0.04%
<b>Yanfu Investments, LLC.</b>					
上海衍複投資管理有限公司					
Yanfu 300 Index Enhancement No. 1 Private Securities Investment Fund*					
衍複300指增一號私募證券投資基金	79,120	80,000	82,807	–	0.17%
<b>Shenzhen Faner Investment Management Partnership (Limited Partnership)*</b>					
深圳凡二投資管理合夥企業(有限合夥)					
Faner Yinghuo No. 5 Private Securities Investment Fund*					
凡二英火五號私募證券投資基金	17,172	25,000	27,231	–	0.06%
<b>Beijing iVolution Capital Co., Ltd.</b>					
北京天演資本管理有限公司					
Ivolution High Section Private Securities Investment Fund*					
天演高節私募證券投資基金	28,544	30,000	29,258	–	0.06%

Name of the financial assets	Number of units held as at 30 June 2021 ( '000)	Investment cost as at 30 June 2021 (RMB'000)	Fair value as at 30 June 2021 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2021 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2021
<b>Shanghai Wenbo Investment Management Co., Ltd.</b>					
上海穩博投資管理有限公司					
Wenbo 300 Index Enhancement No. 1 Private Securities Investment Fund*					
穩博300指數增強1號私募證券投資基金	10,000	10,000	10,047	–	0.02%
<b>Qilin Investment Management (Shanghai) Co., Ltd.</b>					
上海啟林投資管理有限公司					
Qilin Quantitative Hedge Multi-Strategy No. 6 Private Securities Investment Fund*					
啟林量化對沖多策略6號私募證券投資基金	19,998	20,000	20,486	–	0.04%
Others	14,778	15,000	15,413	–	0.03%
<b>Others</b>	10,644	12,135	13,877	155	0.03%
<b>Total</b>		751,440	779,772	2,134	1.59%

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 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 CSRC 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.

*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 CSRC), 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 CSRC for fund investment (must comply with the CSRC'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 CSRC), bonds, bank deposits, monetary market instruments, warrants, stock index futures as well as other financial instruments approved by laws and regulations or the

CSRC for fund investment (must comply with the CSRC'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.

*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(有限合夥)) 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 ("NEEQ"), 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) and Yinshang Huijin Hengtong Private Fund\* (銀商匯金亨通私募基金) aim to construct their investment portfolios on the basis of in-depth research. Under the premise of strict control of investment risks, they strive to obtain long-term stable investment returns. The investment scopes include 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 on the Shanghai or Shenzhen Stock Exchange, bonds and asset-backed securities issued and traded on 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 funds 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 a 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 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).

*Beijing Integrated Asset Management Co., Ltd. (北京積露資產管理有限公司)*

Jilu No.12 Private Securities Investment Fund\* (積露12號私募證券投資基金) pursues reasonable investment returns and strive to achieve long-term steady growth in fund assets through the flexible application of a variety of investment strategies under the premises of stringent risk control and securing fund asset liquidity. In keeping with the structural changes and trends in the economy and society of the PRC, the fund adopts a top-down approach to invest in domestic legally issued and listed stocks. At the same time, in order to manage the fund's asset portfolio, it will analyse and judge the interest rate trend on the basis of in-depth research of domestic and foreign macroeconomic trend, monetary policy changing trend, capital market supply and demand status to comprehensively consider the profitability,

liquidity and risk traits of different investment products. The fund's investment scope includes: (1) stocks (A shares, Stock Connect for Southbound Trading and NEEQ selected stocks); (2) bonds (national bonds, local government bonds, central bank bills, medium-term notes, financial bonds, corporate bonds, debentures, private placement financing debt instrument (PPN), convertible bonds, short-term financing bonds, ultra short-term financing bonds and exchangeable bonds); (3) publicly offered funds (close-end funds, open-end funds, stock funds, bond funds, money market funds and hybrid funds); (4) repurchases (bond repurchases and reverse repurchases); (5) futures (commodity futures, stock index futures and interest rate futures); (6) options (exchange-traded options and over-the-counter options); (7) asset management products (bank wealth management products, trust plans, asset management products of securities companies and their subsidiaries, asset management products of fund managers and their subsidiaries, asset management products of futures companies and their subsidiaries, asset management products of insurance companies and its subsidiaries, and private equity investment funds); (8) others (bank deposits, warrants, PRC depositary receipts, asset-backed securities, returns swaps, fixed income securities, margin trading and short selling, and refinancing).

*Beijing Comb Fortune Investment Management Co., Ltd. (北京蜂巢財富資本管理有限公司)*

Comb Jinyuan No. 1 Private Equity Securities Investment Fund\* (蜂巢津遠1號私募證券投資基金) compiles investment portfolios based on in-depth research and strives to achieve sustainable and stable growth of the fund's assets. The fund will continuously optimise its investment portfolio based on its core varieties with the investment strategy of "Core Varieties + Sector Allocation + Position Matching". The investment scope of the fund: domestic legally issued and listed stocks (including stocks on the Science and Technology Innovation Board, Small and Medium Enterprise Board, Growth Enterprise Market and other legally issued and listed stock), new shares subscriptions (including online and offline subscriptions), Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, depositary receipts (DR), equity public funds, hybrid public funds, margin trading and short selling, utilises its holding securities as underlying of short sale lending to securities finance companies, bonds, bond repurchases (including repurchase and reverse repurchase), publicly offered bond funds, cash, bank deposits (including time deposits, contractual deposits and other bank deposits), interbank deposit certificates, large-denomination negotiable certificates of time deposit, money market funds, spot deferred settlement contracts listed and traded on the Shanghai Gold Exchange, exchange-listed derivatives (including warrants, futures and options), returns swaps with counterparties that have the corresponding business qualifications, cross-border returns swaps, over-the-counter options, interest rate swaps, asset management plans of fund managers and their subsidiaries, asset management plans of futures companies and their subsidiaries, asset management plans of securities companies and their subsidiaries, asset management plans of insurance companies and their subsidiaries, trust plans, private investment funds, asset-backed securities, bank financial management products, income certificates issued by securities companies and other investment products permitted by laws and regulations or the CSRC.

*Ningbo High-Flyer Quant Investment Management Partnership (Limited Partnership) (寧波幻方量化投資管理合夥企業(有限合夥))*

High-Flyer 500 Index Enhancement Xinxiang No. 6 Private Equity Securities Investment Fund\* (幻方500指數增強欣享6號私募證券投資基金) and High-Flyer 500 Index Enhancement Xinxiang No. 11 Private Equity Securities Investment Fund\* (幻方500指數增強欣享11號私募證券投資基金) aim to pursue long-term, sustainable and stable appreciation of clients' assets under the premise of risk control. Based on a large amount of market data, the funds use artificial intelligence algorithms to construct and repeatedly compute strategy models to build a basket of stock portfolios, benchmark with the underlying indices to adjust style and balance, and implement organic combination of multiple strategies under a unified strategy framework to optimise the return-to-risk ratio of the strategy portfolios and pursue investment returns that outperform the indices. The funds' investment scopes include the varieties listed and traded on the Shanghai and Shenzhen Stock Exchanges (i.e. stocks, preferred stocks, warrants, depositary receipts), bonds (including exchange-traded bonds, convertible bonds, exchangeable bonds, but excluding small and medium enterprise private placement bonds and non-public corporate bonds), national bonds reverse repurchases, deposits, publicly-offered securities investment funds, futures, and exchange-traded options. The funds may participate in financing and securities financing transactions, Stock Connect for Southbound Trading transactions, and new shares subscriptions, and may also utilise their holding securities as underlying of short sale lending to securities finance companies. The funds' investment ratios and investment restrictions include: (1) the funds shall not initiate investment in ST, \*ST and other exchange-traded stocks with risk warning; (2) the funds shall not initiate investment in delisted restructuring period stocks; (3) the market value of the funds' investment in depositary receipts listed and traded on the Shanghai and Shenzhen Stock Exchanges shall account for 0%-80% of the funds' total assets.

*Yanfu Investments, LLC. (上海衍複投資管理有限公司)*

Yanfu 300 Index Enhancement No. 1 Private Securities Investment Fund\* (衍複300指增一號私募證券投資基金) strives to achieve long-term stable investment returns under the premise of stringent control of investment risks. The fund seeks to reduce market risk while pursuing higher returns by conducting top-down approach asset allocation based on macroeconomic analysis and changes in overall market valuation levels. The fund invests mainly in stocks issued and listed on the Shanghai and Shenzhen Stock Exchanges (including new shares subscriptions), stocks within the scope of Stock Connect for Southbound Trading, depositary receipts issued and listed on the Shanghai and Shenzhen Stock Exchanges, preferred stocks issued and listed on the Shanghai and Shenzhen Stock Exchanges, bonds issued and traded on the Shanghai and Shenzhen Stock Exchanges or in the interbank market (including convertible bonds and exchangeable bonds, but excluding small and medium enterprise private placement bonds and non-public debentures) and asset-backed securities (excluding subordinated securities), asset-backed notes issued and traded in the interbank market (excluding subordinated notes), fixed income securities of securities companies, bond repurchases, pledge-style quoted repurchase agreements in the Shanghai or Shenzhen Stock Exchange, bank deposits (including time deposits, negotiated deposits, structured deposits and other bank deposits), bank financial investment products, interbank deposit certificates, 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,



commodity futures, national bonds futures, stock options listed on the Shanghai and Shenzhen Stock Exchange and Futures Exchange, warrants listed on the stock exchanges, contracts listed on the Shanghai Gold Exchange, returns swaps and over-the-counter options (subject to the permission of the regulatory authorities, and the trading counterparties are limited to securities companies and their subsidiaries, and futures companies and their subsidiaries) and publicly offered securities investment funds.

*Shenzhen Faner Investment Management Partnership (Limited Partnership)\* (深圳凡二投資管理合夥企業(有限合夥))*

Faner Yinghuo No. 5 Private Securities Investment Fund\* (凡二英火五號私募證券投資基金) strives for creating steady investment return for fund investors under the premises of strict risk control. The fund adopts quantitative hedging strategy, with its investment scope of: 1. equities: domestic stocks legally issued and listed (including those listed on the Main Board, the Small and Medium Enterprise Board and the Growth Enterprise Market, and including new share subscriptions), margin trading and short selling and transactions under the Stock Connect for Southbound Trading; 2. debt: exchange-traded bonds, interbank bonds, bond reverse repurchases, asset-backed securities, asset-backed notes and bank deposits; 3. commodities and financial derivatives: depository receipts issued and listed on the Shanghai or Shenzhen Stock Exchange, fixed income securities issued by securities companies, commodity futures, stock index futures, national debt futures, exchange-traded options, refinancing securities lending; 4. various financial products: publicly-offered securities investment funds, commercial banks' financial investment products, trust schemes, asset management schemes of securities companies and their subsidiaries, asset management schemes of futures companies, asset management schemes of insurance companies, asset management schemes of fund managers and their subsidiaries, as well as private equity funds issued by private equity fund managers who are registered with the Asset Management Association of China and entrusted by custodian institutions, or those in the comprehensive custody of securities companies having the qualification for engagement in the comprehensive custody business of private equity funds on a pilot basis (no investment in intermediate or subordinated share of various abovementioned financial products is allowed); 5. other investment products permitted by laws and regulations or the CSRC.

*Beijing iVolution Capital Co., Ltd. (北京天演資本管理有限公司)*

iVolution High Section Private Securities Investment Fund\* (天演高節私募證券投資基金) 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 of the fund includes stocks issued and listed on the Shanghai or Shenzhen Stock Exchange (including new shares subscriptions), 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 on the Shanghai or Shenzhen Stock Exchange, bond reverse repurchases, cash, bank demand deposits, 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, publicly-offered funds, convertible bonds, over-the-counter derivatives on the securities and futures market with securities companies/futures companies/banks and their subsidiaries as counterparties (including only return swap and over-the-counter options).

*Shanghai Wenbo Investment Management Co., Ltd. (上海穩博投資管理有限公司)*

Wenbo 300 Index Enhancement No. 1 Private Securities Investment Fund\* (穩博300指數增強1號私募證券投資基金) achieves long-term, continuous and steady appreciation of customers' assets under the premises of risk control. The investment scope of the fund includes instruments listed and traded on the Shanghai or Shenzhen Stock Exchange (i.e. stocks, warrants and preferred shares), instruments listed on the National Equities Exchange and Quotations (including stocks, convertible corporate bonds and other securities products), bonds (including interbank bonds, exchange-traded bonds, convertible bonds and exchangeable bonds), securities repurchases, deposits, publicly-offered securities investment funds (excluding structured fund B), futures, exchange-traded options, asset-backed securities and asset-backed notes listed on the exchanges or the interbank market (but excluding subordinated ones), return swaps and over-the-counter options (limited to those with securities companies and their subsidiaries and futures companies and their subsidiaries as counterparties as permitted by regulatory authorities). The fund may participate in margin trading and short selling, transactions under the Stock Connect for Southbound Trading and new shares subscriptions, and securities held in the fund may also be lent to securities finance companies as underlying of short sale. The fund may invest in trust schemes, asset management schemes of securities companies (including subsidiaries of such securities companies), asset management schemes of fund managers (including subsidiaries of such fund managers), asset management schemes of futures companies (including subsidiaries of such futures companies), asset management schemes of insurance companies (including subsidiaries of such insurance companies), bank financial investment products, contractual private investment funds issued by private securities investment fund managers who are registered with the Asset Management Association of China and entrusted by institutions with qualification in custodian business for securities investment funds, or those provided with comprehensive private equity fund services by institutions with relevant qualifications. The fund, however, may not invest in subordinated share of the abovementioned products.

*Qilin Investment Management (Shanghai) Co., Ltd. (上海啟林投資管理有限公司)*

Qilin Quantitative Hedge Multi-Strategy No. 6 Private Securities Investment Fund\* (啟林量化對沖多策略6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 portfolio risk and pursuing a higher return at the same time. The investment scope of the fund includes stocks issued and listed on the Shanghai or Shenzhen Stock Exchange (including new shares subscriptions), stocks within the scope of the Stock Connect for Southbound Trading, preference shares issued and traded on the Shanghai or Shenzhen Stock Exchange, bond reverse repurchases, cash, bank deposits (including time deposits, demand deposits, agreement deposits, structured deposits and other bank deposits), margin trading and short selling, options and futures listed on the Shanghai or Shenzhen Stock Exchange and futures exchanges, warrants traded on stock exchanges, over-the-counter

derivatives on the securities and futures market with securities companies/futures companies and their subsidiaries as counterparties (including but not limited to return swap and over-the-counter options) and publicly offered funds.

## Listed Equity Interests

Name of the financial assets	Number of units held as at 30 June 2021 (‘000)	Investment cost as at 30 June 2021 (RMB‘000)	Fair value as at 30 June 2021 (RMB‘000)	Realised investment income/(loss) for the six months ended 30 June 2021 (RMB‘000)	Fair value to the total assets of the Group as at 30 June 2021
<b>China Risun Group Limited</b>	approximately 95.08 million shares	164,263	386,008	9,930	0.79%
<b>Vanho Securities Co., Ltd.</b> 萬和證券股份有限公司					
Hunan Valin Steel Co., Ltd. 湖南華菱鋼鐵股份有限公司	10,000	48,166	66,100	1,135	0.13%
Others <sup>1</sup>	1,000	6,366	5,900	1,877	0.01%
<b>Beijing LeRui Asset Management Co., Ltd.</b> 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	3,458	74,256	75,506	(4,253)	0.15%
<b>Others<sup>1</sup></b>	1,998	43,968	46,178	1,107	0.09%
<b>Total</b>		<u>337,019</u>	<u>579,692</u>	<u>9,796</u>	<u>1.18%</u>

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

### 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. During the six months ended 30 June 2021, the Company further acquired 7.50 million shares of Risun Group from the open market on the exchange, representing approximately 0.17% of its registered share capital. As at 30 June 2021, 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 six months ended 30 June 2021, there was dividend income of approximately RMB9.93 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 and the six months ended 30 June 2021, 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 30 June 2021, the shares of Valin Steel held by the Group represented approximately 0.15% 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 produced 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.

*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.

## Bond Market Funds

Name of the financial assets	Number of units held as at 30 June 2021 ( '000)	Investment cost as at 30 June 2021 (RMB'000)	Fair value as at 30 June 2021 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2021 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2021
<b>Invesco Hong Kong Limited</b>					
Invesco Global Investment Grade Corporate Bond Fund	803	70,626	69,754	–	0.14%
<b>SPDB International Investment Management Limited and SPDB International Securities Limited</b>					
Pu Yin Hong Kong Multipurpose Fund	15	108,100	100,561	(3,357)	0.20%
<b>Prudence Investment Management (Hong Kong) Limited</b>					
Prudence Enhanced Income Fund	20	105,980	114,183	–	0.23%
<b>China Universal Asset Management Company Limited</b>					
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	102,042	473	0.21%
<b>Shanghai Huaxia Fortune CCI Capital Ltd.</b>					
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	44,809	49,299	49,433	226	0.10%
<b>Da Cheng Fund Management Co., Ltd.</b>					
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	77,250	100,000	94,484	8,111	0.19%
Da Cheng Jingyou Medium-Short Term Debts Bond Securities Investment Fund*					
大成景優中短債債券型證券投資基金	183,284	200,000	200,091	–	0.41%
<b>Lombarda China Fund Management Co., Ltd.</b>					
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	91,675	100,000	94,058	1,925	0.19%



Name of the financial assets	Number of units held as at 30 June 2021 ( '000)	Investment cost as at 30 June 2021 (RMB'000)	Fair value as at 30 June 2021 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2021 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2021
<b>E Fund Management (HK) Co., Ltd.</b>					
E Fund (HK) Select Bond Fund	820	64,733	65,774	–	0.13%
E Fund (HK) Select Asia High Yield Bond Fund	846	64,665	65,519	–	0.13%
<b>BOCHK Asset Management Limited</b>					
BOCHK All Weather Short Term Bond Fund	957	70,521	63,949	–	0.13%
<b>Total</b>		<u>1,033,924</u>	<u>1,019,848</u>	<u>7,378</u>	<u>2.07%</u>

## Investment strategies of bond market funds

### *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 CSRC (but must comply with the CSRC'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 CSRC (but must comply with the CSRC'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 CSRC, but must comply with the CSRC'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.

Da Cheng Jingyou Medium-Short Term Debts Bond Securities Investment Fund\* (大成景優中短債債券型證券投資基金) strives to achieve steady appreciation of fund assets in long-term through proactive investment management on the basis of strictly controlling investment risks. Under the premises of strictly controlling risk and maintaining relatively high liquidity, the fund pursues long-term steady investment return by focus on investing in medium-short term bonds. It mainly invests in domestic national debts, policy financial bonds, central bank notes, financial bonds, bond repurchases, bank deposits (including agreement deposits and time deposits), interbank certificates of deposit legally issued, listed and traded, and other financial instruments approved by laws and regulations or the CSRC for fund investment (subject to compliance with the CSRC's relevant regulations). The fund shall not invest in stocks, exchangeable bonds, convertible bonds, debentures (except financial bonds) and national debt futures. The fund's investment portfolio ratio is as follows: the fund invests not less than 80% of the fund assets in bond assets, in which the investment in short to medium-term bonds shall not be less than 80% of non-cash fund assets. Cash of not less than 5% of the net asset value of the fund or government bonds with maturities of less than one year shall be maintained for the fund, where cash excludes clearing settlement funds, refundable deposits and subscription monies receivables. The short to medium-term bonds mentioned by the fund refer to bond assets with remaining maturities of not more than three years, mainly including national debts, policy financial bonds, central bank notes and financial bonds.



*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 CSRC (but must comply with the CSRC’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., Ltd.*

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.

E Fund (HK) Select Asia High Yield Bond Fund is the sub-fund of E Fund Unit Trust Fund. The investment objective of the sub-fund is to achieve long term capital growth through investing globally in a portfolio consisting primarily of high yield debt securities issued by or fully guaranteed by corporations with an Asia focus, which aim to generate a steady flow of income in addition to capital appreciation for the fund, including debt securities issued in emerging markets. The sub-fund will invest 70% to 100% of its net asset value in a portfolio of high yield debt securities, which may be USD, EUR or HKD denominated or offshore RMB denominated (“Dim Sum” bonds, i.e. bonds issued outside China but denominated in RMB), issued by or fully guaranteed by listed or unlisted corporations which have their main operations (or majority of assets) in or have their majority of their income derived from

Asia. Up to 100% of the net asset value may be invested in debt securities which are unrated or rated below investment grade by Fitch or Moody's or Standard and Poor's, including (but not limited to) listed and unlisted bonds, government bonds, convertible and non-convertible bonds, fixed and floating rate bonds or other similar securities. Up to 100% of the sub-fund's net asset value may be invested in convertible bonds (issued and/or guaranteed by issuers such as corporations, financial institutions and banks). The sub-fund will not invest more than 10% of its net asset value in debt securities issued and/or guaranteed by a single sovereign issuer (including its government, public or local authority) which is below investment grade and/or unrated. The sub-fund may also invest up to 30% of the net asset value in investment grade debt securities. Onshore China exposure will be up to 20% of the net asset value, which may include investments in debt securities issued by or fully guaranteed by the PRC government and/or government related entities and urban investment bonds.

### *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.

## **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 during the six months ended 30 June 2021.

## **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 six months ended 30 June 2021, save for the following deviations:

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. 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 Company's 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 of 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 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 six months ended 30 June 2021. During the period, 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 systems 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 six months ended 30 June 2021.

## **AUDIT COMMITTEE**

During the six months ended 30 June 2021, 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 condensed consolidated financial information for the six months ended 30 June 2021 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 condensed consolidated financial information of the Group 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 2021 interim report of the Company.

## **CLOSURE OF THE REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 15 September 2021 to Friday, 17 September 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 interim and special dividends. The record date for the proposed interim and special dividends shall be Friday, 17 September 2021. In order to qualify for the proposed interim and special dividends, 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, 14 September 2021.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2021**

The interim results announcement of the Company for the six months ended 30 June 2021 is published on both the websites of the Company ([www.chinaorientalgroup.com](http://www.chinaorientalgroup.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the six months ended 30 June 2021 will be dispatched to the shareholders of the Company and published on the aforesaid websites in due course.

### **APPRECIATION**

The Board would like to take this opportunity to extend its deepest gratitude to its staff for their hard work and dedication to the Group, and to its shareholders for their continuous trust and support in the Company.

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

Hong Kong, 31 August 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.*