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CHINA ORIENTAL GROUP COMPANY LIMITED
中國東方集團控股有限公司*
(incorporated in Bermuda with limited liability)
(Stock Code: 581)

ANNOUNCEMENT OF 2021 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Changes
	2021	2020	
Sales volume (<i>tonnes</i>)			
— Self-manufactured steel products	7.97 million	8.18 million	(2.5%)
— Trading of steel products	0.26 million	0.25 million	4.0%
	8.23 million	8.43 million	(2.4%)
Revenue (RMB)			
— Sales of self-manufactured steel products	35.09 billion	27.10 billion	29.5%
— Sales of power equipment	0.77 billion	—	N/A
— Real estate	0.04 billion	0.05 billion	(13.3%)
— Trading of steel products, iron ore and related raw materials and others	16.06 billion	12.00 billion	33.8%
	51.96 billion	39.15 billion	32.7%
Gross profit (RMB)			
— Sales of self-manufactured steel products	3,653 million	2,018 million	81.0%
— Sales of power equipment	60 million	—	N/A
— Real estate	21 million	21 million	—
— Trading of steel products, iron ore and related raw materials and others	358 million	265 million	35.1%
	4,092 million	2,304 million	77.6%
Gross profit per tonne (RMB)			
— Sales of self-manufactured steel products	458	247	85.4%

* For identification purposes only

	Year ended 31 December		
	2021	2020	Changes
EBITDA ¹ (RMB)	4,340 million	3,078 million	41.0%
EBITDA margin	8.4%	7.9%	N/A
EBIT ² (RMB)	3,209 million	1,921 million	67.1%
EBIT margin	6.2%	4.9%	N/A
Profit before income tax (RMB)	3,051 million	1,911 million	59.7%
Profit for the year (RMB)	2,543 million	1,621 million	56.9%
Profit attributable to owners of the Company (RMB)	2,493 million	1,586 million	57.2%
Basic earnings per share (RMB)	0.67	0.43	55.8%
Final dividend per share (HK\$)	0.06	0.05	20.0%
Special dividend per share (HK\$)	0.03	–	N/A
Total dividends per share for the year ³ (HK\$)	0.24	0.12	100.0%
Return on equity ⁴	11.5%	7.9%	N/A
	As at 31 December		
	2021	2020	Changes
Total assets (RMB)	52.12 billion	44.52 billion	17.1%
Net assets value per share (exclude non-controlling interests) (RMB)	6.06	5.56	9.0%
Debt-to-capital ratio ⁵	56.7%	48.4%	N/A

¹ China Oriental Group Company Limited (the “**Company**”) defines EBITDA as profit for the year before finance costs — net, income tax expense, amortisation, depreciation and non-recurring items. During the year ended 31 December 2021, there were no adjustments of non-recurring items in the calculation (2020: nil).

² The Company defines EBIT as profit for the year before finance costs — net, income tax expense and non-recurring items. During the year ended 31 December 2021, there were no adjustments of non-recurring items in the calculation (2020: nil).

³ Total dividends per share for the year include interim dividend of HK\$0.10 and special dividend of HK\$0.05 (2020: interim dividend of HK\$0.05 and special dividend of HK\$0.02).

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

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

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2021 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2021	2020
	Note	RMB'000	RMB'000
Revenue	3	51,957,557	39,149,624
Cost of sales	4	(47,865,951)	(36,845,848)
Gross profit		4,091,606	2,303,776
Other income	5	223,963	134,950
Distribution costs	4	(152,997)	(93,172)
Administrative expenses	4	(958,524)	(678,986)
Impairment (provision)/reversal of financial and contract assets, net	4	(70,517)	833
Other expenses	4	(26,583)	(33,602)
Gains/(losses) on derivative financial instruments	6	3,193	(150,648)
Other gains — net	7	109,772	439,398
Operating profit		3,219,913	1,922,549
Finance income	8	226,145	163,800
Finance costs	8	(384,150)	(174,088)
Finance costs — net		(158,005)	(10,288)
Share of results of associates and a joint venture		(10,496)	(1,341)
Profit before income tax		3,051,412	1,910,920
Income tax expense	9	(508,679)	(289,993)
Profit for the year		2,542,733	1,620,927
Profit attributable to:			
Owners of the Company		2,493,494	1,586,173
Non-controlling interests		49,239	34,754
		2,542,733	1,620,927
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic earnings per share	10	RMB0.67	RMB0.43
— Diluted earnings per share	10	RMB0.67	RMB0.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Profit for the year	2,542,733	1,620,927
Other comprehensive income/(loss):		
<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	(1,229)	(10,909)
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Fair value gains on equity investments at fair value through other comprehensive income	–	147,943
<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	1,958	(674)
	<u>729</u>	<u>136,360</u>
Total comprehensive income for the year	<u>2,543,462</u>	<u>1,757,287</u>
Total comprehensive income attributable to:		
Owners of the Company	2,494,223	1,722,533
Non-controlling interests	49,239	34,754
	<u>2,543,462</u>	<u>1,757,287</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2021	2020
	Note	RMB'000	RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	13,173,153	11,552,420
Right-of-use assets	12	384,510	397,485
Investment properties	12	100,346	107,440
Intangible assets	12	263,811	2,843,640
Investment in associates and a joint venture		1,650,512	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	19	388,687	202,442
Amounts due from related parties		10,000	–
Prepayments, deposits and other receivables	13	992,349	1,251,532
Long-term bank deposits		3,100,000	–
Loan receivables	17	612,347	348,480
Deferred income tax assets		365,646	306,753
Total non-current assets		21,366,361	18,671,598
Current assets			
Properties under development and held for sale	14	603,613	350,369
Inventories	15	4,835,588	4,694,324
Trade receivables	16	1,601,204	753,391
Contract assets	3(c), 16	91,966	94,799
Prepayments, deposits and other receivables	13	4,137,715	3,188,077
Amounts due from related parties		161,684	277,528
Prepaid current income tax		59,408	55,381
Loan receivables	17	1,061,089	1,174,189
Notes receivable — bank acceptance notes	18	1,322,022	1,930,903
Financial assets at fair value through other comprehensive income		14,643	49,968
Financial assets at fair value through profit or loss	19	6,058,175	4,601,919
Restricted bank balances		2,604,748	3,675,291
Cash and cash equivalents		4,626,779	3,485,951
Structured bank deposits	20	800,000	1,520,000
Assets classified as held for sale	21	2,774,183	–
Total current assets		30,752,817	25,852,090
Total assets		52,119,178	44,523,688

CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
	<i>Note</i>	2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
EQUITY			
Equity attributable to owners of the Company			
Share capital		380,628	380,628
Share premium		3,532,234	3,532,234
Other reserves		1,859,817	1,795,771
Retained earnings		16,778,045	14,972,570
		22,550,724	20,681,203
Non-controlling interests		564,134	534,105
Total equity		23,114,858	21,215,308
LIABILITIES			
Non-current liabilities			
Borrowings	22	2,291,000	2,876,948
Lease liabilities		74,507	76,900
Deferred revenue		49,727	60,150
Deferred income tax liabilities		30,812	45,136
		2,446,046	3,059,134
Total non-current liabilities		2,446,046	3,059,134
Current liabilities			
Trade payables	23	6,902,573	7,081,366
Accruals and other current liabilities		3,130,914	2,560,149
Contract liabilities	3(c)	1,908,615	1,735,644
Deposits received for disposal of a subsidiary	26(b)	2,450,000	–
Amounts due to related parties		79,987	120,173
Current income tax liabilities		356,065	311,268
Lease liabilities		8,414	17,854
Derivative financial instruments		10,536	4,102
Borrowings	22	11,689,311	8,404,010
Dividends payable		21,859	14,680
		26,558,274	20,249,246
Total current liabilities		26,558,274	20,249,246
Total liabilities		29,004,320	23,308,380
Total equity and liabilities		52,119,178	44,523,688

SELECTED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

These consolidated financial statements are presented in thousands of units of RMB, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 29 March 2022.

2. BASIS OF PREPARATION

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

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

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

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

The Group also elected to adopt the following amendments early:

- HKFRS 16 (Amendments) COVID-19-related Rent Concessions

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

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

A number of new standards and amendments to standards and interpretations that have been published 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:

		Effective for annual periods beginning on or after
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
AG 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1, HKFRS and Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
HK Int 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020 Cycle	1 January 2022

The adoption of the new or amended standards, interpretation and annual improvements listed above are not expected to have any significant impact on the Group's significant accounting policies and presentation of these consolidated financial statements.

3. SALES AND SEGMENT INFORMATION

(a) Sales

The Group is principally engaged in the manufacturing and sales of iron and steel products, trading of steel products, iron ore and related raw materials, sales of power equipment and real estate business. Sales recognised for the years ended 31 December 2021 and 2020 were as follows:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Sales		
— H-section steel products	15,616,350	10,647,249
— Strips and strip products	13,620,408	4,117,099
— Iron ore	12,954,344	10,013,542
— Sheet piling	2,687,440	3,018,556
— Billets	2,460,110	5,600,069
— Cold rolled sheets and galvanised sheets	1,781,083	1,296,479
— Power equipment	771,488	—
— Steel scrap	642,117	79,186
— Rebar	122,364	3,184,364
— Real estate	43,883	50,637
— Others	1,257,970	1,142,443
	<u>51,957,557</u>	<u>39,149,624</u>

(b) Segment information

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

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

- (i) Iron and steel — Manufacturing and sales of iron and steel products, trading of steel products, iron ore and related raw materials and sales of power equipment; 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 these consolidated financial statements.

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

	Year ended 31 December 2021		
	Iron and steel RMB'000	Real estate RMB'000	Total RMB'000
Revenue	<u>51,913,674</u>	<u>43,883</u>	<u>51,957,557</u>
Segment results:			
Operating profit/(loss)	3,225,518	(5,605)	3,219,913
Finance (costs)/income — net	(244,288)	86,283	(158,005)
Share of results of associates and a joint venture	<u>(10,496)</u>	<u>—</u>	<u>(10,496)</u>
Profit before income tax			3,051,412
Income tax expense			<u>(508,679)</u>
Profit for the year			<u><u>2,542,733</u></u>
Other profit or loss items			
Depreciation and amortisation	<u>1,128,925</u>	<u>1,740</u>	<u>1,130,665</u>
Capital expenditure	<u>2,764,556</u>	<u>442</u>	<u>2,764,998</u>
	Year ended 31 December 2020		
	Iron and steel RMB'000	Real estate RMB'000	Total RMB'000
Revenue	<u>39,098,987</u>	<u>50,637</u>	<u>39,149,624</u>
Segment results:			
Operating profit	1,917,899	4,650	1,922,549
Finance (costs)/income — net	(55,832)	45,544	(10,288)
Share of results of associates and a joint venture	<u>(1,341)</u>	<u>—</u>	<u>(1,341)</u>
Profit before income tax			1,910,920
Income tax expense			<u>(289,993)</u>
Profit for the year			<u><u>1,620,927</u></u>
Other profit or loss items			
Depreciation and amortisation	<u>1,154,938</u>	<u>1,653</u>	<u>1,156,591</u>
Capital expenditure	<u>4,700,735</u>	<u>266</u>	<u>4,701,001</u>

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

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

The segment assets and liabilities as at 31 December 2021 were as follows:

	Iron and steel RMB'000	Real estate RMB'000	Elimination RMB'000	Total RMB'000
Segment assets	<u>40,083,932</u>	<u>1,815,390</u>	<u>(891,703)</u>	<u>41,007,619</u>
Segment assets for reportable segments				41,007,619
Unallocated:				
Deferred income tax assets				365,646
Financial assets at fair value through other comprehensive income				339,643
Financial assets at fair value through profit or loss				6,446,862
Structured bank deposits				800,000
Long-term bank deposits				3,100,000
Prepaid current income tax				<u>59,408</u>
Total assets per balance sheet				<u>52,119,178</u>
Segment liabilities	<u>14,125,986</u>	<u>1,370,454</u>	<u>(891,703)</u>	<u>14,604,737</u>
Segment liabilities for reportable segments				14,604,737
Unallocated:				
Current income tax liabilities				356,065
Current borrowings				11,689,311
Non-current borrowings				2,291,000
Derivative financial instruments				10,536
Dividends payable				21,859
Deferred income tax liabilities				<u>30,812</u>
Total liabilities per balance sheet				<u>29,004,320</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>
Segment assets	<u>36,572,211</u>	<u>1,795,092</u>	<u>(922,731)</u>	<u>37,444,572</u>
Segment assets for reportable segments				37,444,572
Unallocated:				
Deferred income tax assets				306,753
Financial assets at fair value through other comprehensive income				392,621
Financial assets at fair value through profit or loss				4,804,361
Structured bank deposits				1,520,000
Prepaid current income tax				<u>55,381</u>
Total assets per balance sheet				<u><u>44,523,688</u></u>
Segment liabilities	<u>11,445,542</u>	<u>1,129,425</u>	<u>(922,731)</u>	<u>11,652,236</u>
Segment liabilities for reportable segments				11,652,236
Unallocated:				
Current income tax liabilities				311,268
Current borrowings				8,404,010
Non-current borrowings				2,876,948
Derivative financial instruments				4,102
Dividends payable				14,680
Deferred income tax liabilities				<u>45,136</u>
Total liabilities per balance sheet				<u><u>23,308,380</u></u>

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

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

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Contract assets attributable to:		
— Iron and steel segment	91,966	94,799
	—————	—————
	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities attributable to:		
— Iron and steel segment	1,645,414	1,585,535
— Real estate segment	263,201	150,109
	—————	—————
	1,908,615	1,735,644
	—————	—————

The following table shows how much of the revenue recognised for the years ended 31 December 2021 and 2020 related to contract liabilities as brought-forward:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognised on:		
— Iron and steel segment	1,585,535	1,432,776
— Real estate segment	8,931	24,962
	—————	—————
	1,594,466	1,457,738
	—————	—————

4. EXPENSES BY NATURE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Employee benefit expenses	1,143,522	1,075,033
Changes in inventories of finished goods and work in progress	(90,857)	134,909
Raw materials used and cost of goods sold for trading	44,910,692	33,632,174
Cost of properties sold	17,987	27,583
Energy and utility costs	1,367,746	1,288,848
Depreciation of property, plant and equipment (Note 12)	1,090,205	1,120,341
Amortisation of intangible assets (Note 12)	7,046	7,525
Depreciation of investment properties (Note 12)	7,094	7,750
Depreciation of right-of-use assets (Note 12)	26,320	20,975
Impairment reversal of trade receivables and contract assets	(8,851)	(3,784)
Impairment provision of properties under development (Note 14)	50,424	–
Impairment provision/(reversal) of loan receivables	83,010	(5)
Impairment (reversal)/provision of prepayments, deposits and other receivables	(3,642)	2,956
Tax	185,202	128,697
Research and technical consulting fee	133,020	70,554
Rental expenses on short-term leases	10,450	2,020
Auditors' remuneration		
— Audit services	5,142	4,549
— Non-audit services	1,390	623
Others	138,672	130,027
	<u>49,074,572</u>	<u>37,650,775</u>

5. OTHER INCOME

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Interest income from loan receivables	123,096	112,287
Government grants	58,991	–
Rental income from investment properties	17,030	6,719
Dividend income from financial assets at fair value through other comprehensive income	23,573	11,865
Interest income from financial assets at fair value through other comprehensive income	1,273	4,063
Others	–	16
	<u>223,963</u>	<u>134,950</u>

6. GAINS/(LOSSES) ON DERIVATIVE FINANCIAL INSTRUMENTS

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Investment losses on foreign currency forward contracts (a)	(13,649)	(94,169)
Investment gains/(losses) on iron ore, hot rolled steel coil and alloy future contracts (b)	16,842	(55,168)
Investment losses on rebar and coke future option contracts (c)	—	(1,311)
Total	<u>3,193</u>	<u>(150,648)</u>

During the year ended 31 December 2021, the Group entered into certain foreign currency forward contracts and certain iron ore, hot rolled steel coil and alloy future contracts so as to reduce the impact of the volatility of the RMB exchange rate against USD and volatility of the iron ore price respectively.

- (a) For the year ended 31 December 2021, realised losses amounted to approximately RMB13.6 million (2020: realised losses amounted to approximately RMB91.5 million and unrealised losses amounted to approximately RMB2.7 million) were recognised on foreign currency forward contracts.
- (b) For the year ended 31 December 2021, realised gains amounted to approximately RMB27.3 million and unrealised losses amounted to approximately RMB10.5 million (2020: realised losses amounted to approximately RMB53.8 million and unrealised losses amounted to approximately RMB1.4 million) were recognised on iron ore, hot rolled steel coil and alloy future contracts. A derivative financial liability of approximately RMB10.5 million (2020: approximately RMB1.4 million) was recognised on balance sheet as at 31 December 2021.
- (c) For the year ended 31 December 2020, realised losses amounted to approximately RMB1.3 million was recognised on rebar and coke future option contracts.

7. OTHER GAINS — NET

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Investment income from financial assets at fair value through profit or loss	240,502	264,646
Unrealised fair value gains of financial assets at fair value through profit or loss	99,985	7,253
Gains of raw materials and by-products	62,252	6,685
Investment income from structured bank deposits	39,171	40,445
Gain on disposal of an associate	19,964	—
Gains/(losses) on disposal of property, plant and equipment	19,766	(24,621)
(Losses)/gains on disposal of financial assets at fair value through other comprehensive income	(1,958)	674
Gains on disposal of subsidiaries	—	193,771
Government grants	—	53,267
Losses on disposal of investment property	—	(993)
Foreign exchange (losses)/gains — net	(36,777)	42,405
Losses on derecognition of notes receivable	(113,960)	(147,141)
Impairment provision of property, plant and equipment	(224,175)	—
Others — net	5,002	3,007
	<u>109,772</u>	<u>439,398</u>
Total other gains — net	<u>109,772</u>	<u>439,398</u>

8. FINANCE INCOME AND COSTS

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Interest expenses		
— borrowings	(455,486)	(362,471)
— lease liabilities	(4,121)	(4,653)
Net foreign exchange gains on borrowings and dividends payable	22,138	102,242
	<u>(437,469)</u>	<u>(264,882)</u>
Finance costs	(437,469)	(264,882)
Less: amounts capitalised as qualifying assets	53,319	90,794
	<u>(384,150)</u>	<u>(174,088)</u>
Total finance costs	<u>(384,150)</u>	<u>(174,088)</u>
Interest income		
— bank deposits	192,452	153,745
— other receivables and amounts due from related parties	33,693	10,055
	<u>226,145</u>	<u>163,800</u>
Total finance income	<u>226,145</u>	<u>163,800</u>
Finance costs — net	<u>(158,005)</u>	<u>(10,288)</u>

9. INCOME TAX EXPENSE

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Current income tax		
— PRC enterprise income tax (the “EIT”)	551,593	291,952
— Singapore profits tax	30,303	7,802
Deferred income tax	(73,217)	(9,761)
	<u>508,679</u>	<u>289,993</u>

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

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

No Hong Kong profits tax has been provided since the Company and the subsidiaries traded or incorporated in Hong Kong do not have assessable taxable profits during the year ended 31 December 2021 after utilising their accumulated tax losses (2020: Nil).

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

The PRC EIT is calculated based on the statutory profit of subsidiaries incorporated in the Mainland China in accordance with the PRC tax laws and regulations, after adjustments on certain income and expense items which are non-taxable or non-deductible for income tax purposes. The EIT rate applicable to the subsidiaries incorporated in the Mainland China is 25% (2020: 25%) except for Zhongjin Finance Leasing Co., Ltd. (“Zhongjin Leasing”), Zhonghuo Finance Leasing Co., Ltd. (“Zhonghuo Leasing”), Hebei Jinxi Iron and Steel Group Heavy Industry Science and Technology Co., Limited (“Jinxi Heavy Industry”) and Chongqing Jodear Power Equipment Co., Ltd. (“Chongqing Jodear”).

Zhongjin Leasing qualified as a key encouraged industry enterprise and was established in an economically difficult zone. Approved by local tax authority in 2017, Zhongjin Leasing was entitled to a five-year full EIT exemption from 2017 to 2021. Hence, the effective tax rate applicable to Zhongjin Leasing was nil for the year ended 31 December 2021 and 2020..

Zhonghuo Leasing qualified as a key encouraged industry enterprise and was established in an economically difficult zone. Approved by local tax authority in 2020, Zhonghuo Leasing was entitled to a five-year full EIT exemption from 2020 to 2024. Hence, the effective tax rate applicable to Zhonghuo Leasing was nil for the year ended 31 December 2021 and 2020.

Jinxi Heavy Industry and Chongqing Jodear obtained the High-tech Enterprise Certificate and as a high-tech enterprise, subject to a preferential EIT rate of 15% from 2020 to 2022.

According to the applicable PRC tax regulations, dividends distributed by a company established in the Mainland China to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to withholding tax (“WHT”) at rate of 10%. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the Mainland China and Hong Kong, the relevant rate of WHT will be reduced from 10% to 5%. During the year ended 31 December 2021, the distribution of dividends among Hebei Jinxi Iron and Steel Group Company Limited (“**Jinxi Limited**”) and certain foreign subsidiaries of the Group was subject to WHT at rate of 5% and 10%.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 1 January 2021, enterprise engaging in research and development activities are entitled to claim 200% (2020: 175%) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for the year (the “**super deduction**”).

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 23.16% (2020: 24.45%) to respective profits of the consolidated entities for the years ended 31 December 2021 and 2020 as follows:

	Year ended 31 December	
	2021	2020
	RMB’000	RMB’000
Profit before income tax	3,051,412	1,910,920
Taxation calculated at statutory tax rates applicable in corresponding countries	706,681	467,169
Tax exemption of subsidiaries established in an area with preferential tax policy	(103,409)	(100,526)
Temporary differences and tax losses for which no deferred income tax asset was recognised	10,679	15,485
Withholding tax on dividends from subsidiaries	34,003	29,503
Utilisation of previously unrecognised tax losses and temporary differences	(55,231)	(38,700)
Withholding tax on intra-group interest	265	287
Effect of non-taxable income	(45,518)	(83,001)
Effect of non-deductible expenses	2,328	1,377
Additional deduction of research and development costs and other expenses	(41,050)	–
Deductible value-added tax rebate	(69)	(1,601)
	508,679	289,993

10. EARNINGS PER SHARE

Basic

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

	Year ended 31 December	
	2021	2020
Profit attributable to owners of the Company (RMB’000)	2,493,494	1,586,173
Weighted average number of ordinary shares in issue (thousands)	3,722,569	3,722,569
Basic earnings per share (RMB per share)	0.67	0.43

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2021 and 2020, the Company did not have any dilutive potential ordinary shares. Therefore, diluted earnings per share is same as basic earnings per share for the respective years.

11. DIVIDENDS

	Year ended 31 December	
	2021	2020
	RMB'000	RMB'000
Interim, paid (a) (b)	459,875	224,276
Final, paid (c)	–	155,032
Final, proposed (d)	<u>272,347</u>	<u>–</u>

- (a) At the Board meeting held on 31 August 2021, the Board proposed an interim dividend of HK\$372.3 million (approximately RMB306.6 million), representing HK\$0.10 per ordinary share and a special dividend of HK\$186.1 million (approximately RMB153.3 million), representing HK\$0.05 per ordinary share in respect of the six months ended 30 June 2021. The proposed dividend was paid during the year ended 31 December 2021.
- (b) 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.
- (c) At the Board meeting held on 31 March 2021, the Board proposed a final dividend of HK\$186.1 million (approximately RMB155.0 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 was paid during the year ended 31 December 2021.
- (d) At the Board meeting held on 29 March 2022, the Board proposed a final dividend of HK\$223.4 million (approximately RMB181.6 million), representing HK\$0.06 per ordinary share and a special dividend of HK\$111.7 million (approximately RMB90.7 million), representing HK\$0.03 per ordinary share in respect of the year ended 31 December 2021. The proposed final and special dividends are subject to approval by the shareholders in the forthcoming general meeting to be held on 8 June 2022. The proposed final and special dividends are not reflected as dividends payable in these consolidated financial statements, but will be reflected as appropriations from retained earnings for the year ending 31 December 2022.

12. CAPITAL EXPENDITURE

	Property, plant and equipment <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Investment properties <i>RMB'000</i>	Intangible assets <i>RMB'000</i>
Year ended 31 December 2021				
Opening carrying amount as at				
1 January 2021	11,552,420	397,485	107,440	2,843,640
Additions	2,813,553	13,345	–	41,708
Transfers	170,724	–	–	(2,614,491)
Disposals	(49,164)	–	–	–
Depreciation and amortisation (<i>Note 4</i>)	(1,090,205)	(26,320)	(7,094)	(7,046)
Impairment	(224,175)	–	–	–
	<u>13,173,153</u>	<u>384,510</u>	<u>100,346</u>	<u>263,811</u>
Closing carrying amount as at				
31 December 2021	13,173,153	384,510	100,346	263,811
	Property, plant and equipment <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Investment properties <i>RMB'000</i>	Intangible assets <i>RMB'000</i>
Year ended 31 December 2020				
Opening carrying amount as at				
1 January 2020	9,586,054	278,442	125,667	1,039,546
Additions	2,254,409	141,706	–	2,769,055
Transfers	891,132	–	1,859	(892,607)
Disposals	(58,834)	(1,688)	(12,336)	(64,829)
Depreciation and amortisation (<i>Note 4</i>)	(1,120,341)	(20,975)	(7,750)	(7,525)
	<u>11,552,420</u>	<u>397,485</u>	<u>107,440</u>	<u>2,843,640</u>
Closing carrying amount as at				
31 December 2020	11,552,420	397,485	107,440	2,843,640

For the year ended 31 December 2021, after the completion of the Group's Equipment Upsizing Project, pursuant to the sale and purchase agreements, the Group was disposing certain unused property, plant and equipment related to rebar production line. The Group made an impairment provision of approximately RMB224 million for these property, plant and equipment according to the difference between the fair value less cost to sale and net book value (Note 7).

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Non-current		
Prepayments for purchase of long-term assets	517,328	956,286
Less: impairment provision	<u>(234,235)</u>	<u>(234,235)</u>
Prepayments for purchase of long-term assets — net	283,093	722,051
Deposits for purchase of right-of-use assets	500,000	500,000
Prepaid expenses	44,626	—
Lease receivables	<u>164,630</u>	<u>29,481</u>
	<u>992,349</u>	<u>1,251,532</u>
Current		
Prepayments for purchase of inventories	<u>2,171,941</u>	<u>1,994,506</u>
Other receivables	875,936	591,611
Less: impairment provision	<u>(175,731)</u>	<u>(181,718)</u>
Other receivables — net	<u>700,205</u>	<u>409,893</u>
Prepaid tax	671,546	446,262
Deposits	500,275	288,059
Prepaid expenses	62,049	31,585
Lease receivables	<u>31,699</u>	<u>17,772</u>
	<u>1,265,569</u>	<u>783,678</u>
	<u>4,137,715</u>	<u>3,188,077</u>
	<u>5,130,064</u>	<u>4,439,609</u>

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

14. PROPERTIES UNDER DEVELOPMENT AND HELD FOR SALE

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Properties under development comprise:		
— Land use rights	383,089	303,315
— Construction costs	259,490	—
Less: impairment provision	(50,424)	—
Completed properties held for sale	11,458	47,054
	<u>603,613</u>	<u>350,369</u>

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

15. INVENTORIES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Raw materials and materials in-transit	3,548,616	3,502,499
Work-in-progress	505,506	631,531
Finished goods	809,743	592,861
Less: impairment provision	(28,277)	(32,567)
Inventories — net	<u>4,835,588</u>	<u>4,694,324</u>

The cost of inventories recognised in cost of sales for the year ended 31 December 2021 amounted to approximately RMB47,848 million (2020: approximately RMB36,818 million).

16. TRADE RECEIVABLES AND CONTRACT ASSETS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Trade receivables	1,666,434	829,753
Contract assets	93,322	95,757
Less: impairment provision for		
— Trade receivables	(65,230)	(76,362)
— Contract assets	(1,356)	(958)
Trade receivables and contract assets — net	<u>1,693,170</u>	<u>848,190</u>

As at 31 December 2021 and 2020, the carrying amount of the Group's trade receivables and contract assets approximated their fair value.

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 maturity dates within 1 year.

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 3 months	1,382,167	768,684
4–6 months	108,706	50,451
7–12 months	164,466	16,149
Over 1 year	104,417	90,226
	<u>1,759,756</u>	<u>925,510</u>

As at 31 December 2021, trade receivables amounting to approximately RMB283 million (2020: approximately RMB41 million) were pledged for the Group's issue letters of credit.

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

17. LOAN RECEIVABLES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Non-current		
Long-term loan receivables (a)	648,480	348,480
Less: impairment provision (c)	(36,133)	–
	<u>612,347</u>	<u>348,480</u>
Current		
Short-term loan receivables (b)	1,152,752	1,218,975
Less: impairment provision (c)	(91,663)	(44,786)
	<u>1,061,089</u>	<u>1,174,189</u>
Total loan receivables, net of provision	<u>1,673,436</u>	<u>1,522,669</u>

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

- (a) As at 31 December 2021 and 2020, long-term loan receivables of approximately RMB348 million are secured by pledge of certain production capacity of the borrower facilitated by the government department concerned, interest-free and wholly repayable in 2025.

As at 31 December 2021, long-term loan receivables of RMB300 million are secured by pledge of unlisted shares of the borrowers, bear interest at the fixed rate of 15.0% per annum and principal repayable in 2023.

- (b) Loan receivables of approximately RMB1,153 million as at 31 December 2021 are comprised of various loans with residual repayment terms within 1 year and with individual amount ranging from RMB21 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.

Loan receivables of approximately RMB1,219 million as at 31 December 2020 were comprised of various loans with residual repayment terms within 1 year and with individual amount ranging from RMB7 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 31 December 2021, provisions amounting to approximately RMB45 million (2020: approximately RMB45 million) were recognised 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.

As at 31 December 2021, provision amounting to approximately RMB83 million were recognised on the loan receivables based on expected credit loss.

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

18. NOTES RECEIVABLE — BANK ACCEPTANCE NOTES

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Notes receivable designated as financial assets at fair value through other comprehensive income	<u>1,322,022</u>	<u>1,930,903</u>

As at 31 December 2021, notes receivable amounting to approximately RMB916 million (2020: approximately RMB86 million) were pledged as security for the Group's notes payable (Note 23).

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

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 3 months	1,277,844	1,093,465
4–6 months	41,549	825,926
7–12 months	<u>2,629</u>	<u>11,512</u>
	<u>1,322,022</u>	<u>1,930,903</u>

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Non-current		
Listed equity interests	338,687	202,442
Financial investment products	50,000	–
	<u>388,687</u>	<u>202,442</u>
Current		
Money market funds	1,797,271	815,082
Investment funds	1,336,450	598,026
Listed bond investments	1,169,260	1,257,444
Bond market funds	1,015,717	903,382
Financial investment products	459,640	915,414
Listed equity interests	279,837	112,571
	<u>6,058,175</u>	<u>4,601,919</u>
Total	<u>6,446,682</u>	<u>4,804,361</u>

20. STRUCTURED BANK DEPOSITS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Financial assets at fair value through profit or loss	<u>800,000</u>	<u>1,520,000</u>

As at 31 December 2021, 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 RMB300 million was linked to CFETS 7-day repo (R007) rate and the interest of structured bank deposits of RMB500 million was linked to BFIX EUR/USD.

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 RMB520 million was linked to Shanghai Interbank Offered Rate (SHIBOR) and the interest of structured bank deposits of RMB1,000 million was linked to LIBOR and BFIX EUR/USD.

As at 31 December 2021, no structured bank deposits (2020: RMB1,000 million) were pledged as security for the Group's issue of notes payable (Note 23).

21. ASSETS CLASSIFIED AS HELD FOR SALE

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Assets classified as held for sale		
Intangible assets (<i>Note 12</i>)	<u>2,614,491</u>	<u>–</u>
Other current assets		
Prepayments, deposits and other receivables	<u>159,692</u>	<u>–</u>
	<u><u>2,774,183</u></u>	<u><u>–</u></u>

Pursuant to a sale and purchase agreement dated 23 November 2021 (the “**FCG Disposal Agreement**”), Jinxi Limited, a non-wholly owned subsidiary of the Group, agreed to dispose of its entire 100% equity interest in Fangchenggang Jinxi Section Steel Technology Co., Ltd. (“**Fangchenggang Jinxi**”) to Guangxi Chiji Iron and Steel Company Limited (“**Guangxi Chiji**”) at a cash consideration of RMB3.5 billion (the “**FCG Disposal**”). Fangchenggang Jinxi is a subsidiary of the Group which holds an approved iron production capacity of 2.35 million tonnes and steel production capacity of 3.05 million tonnes per year (the “**Production Capacity**”).

According to the terms as set out in the FCG Disposal Agreement, Fangchenggang Jinxi has to transfer out certain of its assets/liabilities (the “**Assets/Liabilities to be Transferred Out**”) to its parent prior to the completion of the FCG Disposal. The Assets/Liabilities to be Transferred Out comprise of Fangchenggang Jinxi’s cash and cash equivalents, other receivables (primarily including a refundable deposit for land acquisition and forest vegetation restoration fees of RMB500 million and approximately RMB13.8 million, respectively which are recoverable from the relevant government authorities in the Fangchenggang City), property, plant and equipment and all of its liabilities.

After the transfer of the Assets/Liabilities to be Transferred Out, the only assets to be retained by Fangchenggang Jinxi would be the intangible assets in connection with the Production Capacity and certain prepayments, deposits and other receivables with carrying amounts of approximately RMB2,614.5 million and RMB159.7 million respectively and the Group has reclassified these assets as “assets classified as held for sale” as at 31 December 2021.

The Group has already received a deposit for the FCG Disposal of RMB2.45 billion by December 2021 and the FCG Disposal was eventually completed in March 2022.

22. BORROWINGS

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Non-current		
Bank borrowings		
— Secured (a)	19,500	20,000
— Unsecured	2,271,500	2,856,948
	<u>2,291,000</u>	<u>2,876,948</u>
Current		
Bank borrowings		
— Secured (a)	4,183,036	2,884,325
— Unsecured	7,500,938	5,499,685
	<u>11,683,974</u>	<u>8,384,010</u>
Other borrowings, unsecured (b)	5,337	20,000
	<u>11,689,311</u>	<u>8,404,010</u>
Total borrowings	<u><u>13,980,311</u></u>	<u><u>11,280,958</u></u>

- (a) The secured bank borrowings as at 31 December 2021 totaling approximately RMB1,948 million were secured by property, plant and equipment (Note 12), right-of-use assets (Note 12), properties under development and held for sale (Note 14) and restricted bank balances of the Group; totaling approximately RMB2,255 million were secured by long-term bank deposits.

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

- (b) The other unsecured borrowings of approximately RMB5 million (2020: RMB20 million) represented a borrowing from a local county government without fixed term of repayment. Interest is charged at the RMB one year fixed bank deposit rate.

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

	Bank borrowings		Other borrowings	
	As at 31 December		As at 31 December	
	2021	2020	2021	2020
	RMB'000	<i>RMB'000</i>	RMB'000	<i>RMB'000</i>
Within 1 year	11,683,974	8,384,010	5,337	20,000
Between 1 and 2 years	2,224,000	2,562,948	–	–
Between 2 and 5 years	30,000	267,000	–	–
Over 5 years	37,000	47,000	–	–
	13,974,974	11,260,958	5,337	20,000

23. TRADE PAYABLES

	As at 31 December	
	2021	2020
	RMB'000	<i>RMB'000</i>
Account payables	2,597,242	2,939,198
Notes payable	4,305,331	4,142,168
	6,902,573	7,081,366

As at 31 December 2021, notes payable of approximately RMB4,305 million of represented bank acceptance notes, of which approximately RMB916 million (2020: approximately RMB86 million) were secured by certain notes receivable (Note 18), approximately RMB2,629 million (2020: approximately RMB2,915 million) were secured by certain restricted bank balances, approximately RMB645 million were secured by long-term bank deposits, nil (2020: approximately RMB1,000 million) were secured by certain structured bank deposits (Note 20), nil (2020: approximately RMB7 million) were secured by certain restricted bank balances and certain property, plant and equipment, and approximately RMB115 million (2020: approximately RMB134 million) were guaranteed by credit.

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

	As at 31 December	
	2021	2020
	RMB'000	<i>RMB'000</i>
Within 3 months	2,923,681	4,286,319
4–6 months	2,062,100	628,048
7–9 months	1,303,192	1,277,474
10–12 months	444,157	776,291
Over 1 year	169,443	113,234
	6,902,573	7,081,366

24. FINANCIAL GUARANTEE CONTRACTS

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Guarantee for engineering and trading	<u>35,736</u>	<u>96,115</u>

As at 31 December 2021, Chongqing Jodear provided guarantee for engineering and trading in favour of third parties amounted to approximately RMB36 million (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 concluded that the fair values of these financial guarantee contracts are not significant.

25. COMMITMENTS

(a) Capital commitments

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of property, plant and equipment		
— Contracted but not provided for	1,033,673	594,632
— Authorised but not contracted for	<u>359,894</u>	<u>202,283</u>
	<u>1,393,567</u>	<u>796,915</u>

(b) Commitments to properties under development

	As at 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Purchase of properties under development	<u>516,987</u>	<u>88,957</u>

(c) **Operating lease commitments**

As lessor

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

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Within 1 year	9,195	7,265
Between 1 and 2 years	8,542	6,531
Between 2 and 3 years	6,872	6,130
Between 3 and 4 years	4,711	4,714
Between 4 and 5 years	4,181	3,095
Later than 5 years	3,813	5,292
	37,314	33,027

26. POST BALANCE SHEET EVENTS

- (a) Since September 2021, the Group holds in aggregate approximately 40.5% of the issued shares capital of HJT. With the Group's status as the major shareholder of HJT, the Group has started negotiating with other shareholders of HJT to increase its presence in the board of directors of HJT ("**HJT BOD**"). The Group has finally succeeded in appointing 5 representatives as the HJT BOD members of HJT (out of the total 9 HJT BOD members) pursuant to resolutions passed at the special general meeting of HJT on 4 January 2022. Considering the Group becomes able to exercise de facto control over HJT, the Group has derecognised its investments in HJT which was previously accounted for using the equity method and consolidated HJT as a subsidiary of the Group since then (the "**Deemed Acquisition**").

As of the date of these consolidated financial statements, the valuation for the purpose of the purchase price allocation in connection with the Deemed Acquisition is still in progress.

- (b) As mentioned in Note 21, the Group's disposal of the assets classified as held for sale was completed in March 2022 and the gain from the disposal amounted to approximately RMB726 million.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2021. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Looking back at 2021, the iron and steel industry in the People's Republic of China (the "PRC") had seen a deepened structural reform on the "Supply-Side" and overall favourable development during the year. Although the international environment remained complicated and volatile, the global economy had achieved strong growth as coronavirus vaccines became more available and the economy rebooted, stimulating demand for commodities and raw materials. There had been healthy development in the domestic steel market, where the supply and demand of steel products were in a relative tight balance, resulting in a significant increase in the average selling price and gross profit per tonne of steel products. In tandem with this, the price of raw materials rose significantly as driven by the recovery of international demand, with the Platts 62% Iron Ore Price Index (related to the performance of iron ore price) once surging to a highest level of 233.1 from 164.5 at the end of 2020, later dropping back to 119 by the end of December 2021. The Platts imported iron ore price reached 159.5 in average for 2021, representing an increase of 46% over the average for 2020, which affected the profitability of the steel industry to a certain extent. To sum up, the crude steel production volume in the PRC had remained at a high level but seen a decrease. According to information from the National Bureau of Statistics of the PRC, the national production volumes of pig iron, crude steel and steel products in 2021 were 869 million tonnes, 1,033 million tonnes and 1,337 million tonnes, respectively, representing a decrease of 4.3%, a decrease of 3.0% and an increase of 0.6% over 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 (the "MIIT") issued the "Implementation Measures of Capacity Replacement in the Iron and Steel Industry" (《鋼鐵行業產能置換實施辦法》) and related interpretations (the "**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 December 2021, the MIIT issued the ““14th Five-Year Plan” for the Development of the Raw Material Industry” (《“十四五”原材料工業發展規劃》), proposing that the production capacity for key raw materials and bulk commodities such as crude steel and cement should not increase, with the production capacity utilisation rate kept at a reasonable level. The industrial concentration ratio of key sectors would be further enhanced, forming 5 to 10 leading companies with a dominating position in the industrial ecology and core competitiveness along the industry chain and over 5 world-class advanced raw material manufacturing clusters. In addition, in February 2022, the MIIT, the National Development and Reform Commission (the “NDRC”) and the Ministry of Ecology and Environment of the PRC jointly issued the “Guiding Opinions on Promoting High-Quality Development of the Steel Industry” (《關於促進鋼鐵工業高品質發展的指導意見》), proposing that by 2025, a high-quality development pattern with a balanced structural layout, a stable supply of resources, advanced technology and equipment, outstanding quality and brand, high level of intellectualisation, strong global competitiveness and green and low-carbon sustainability will essentially take shape. It included the following statements: raising the proportion of electric arc furnace steel production in the total crude steel production to more than 15%, completing the ultra-low emission transformation of more than 80% of steel production capacity, reducing the comprehensive energy consumption per tonne of steel by more than 2%, reducing water consumption intensity by more than 10% and ensuring a peak in carbon emissions by 2030.

In this context, the Group has continuously pursued efficiency improvement, cost control and investment in environmental protection, etc., thereby enhancing operational efficiency and sustainability. Benefiting from combined effects of (i) the healthy development in the domestic steel market and the relative tight balance of supply and demand of steel products, resulting in a significant increase in the average selling price and gross profit per tonne of steel products, notwithstanding in tandem with a significant rise in the price of raw materials; (ii) an effective cost management system, with which the Group optimised the costs of molten iron and production by, among others, proactively strengthening benchmarking management and comprehensive budgetary management; and (iii) the completion of the equipment upsizing project of the Group (“**Equipment Upsizing Project**”) 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 had been eliminated, the Group’s gross profit recorded a significant increase and the Group’s annual results registered a significant growth as compared with those of last year. Revenue for the year ended 31 December 2021 was approximately RMB51.96 billion, representing an increase of approximately 32.7% over last year. Compared with last year, the average unit price of self-manufactured steel products increased by 32.8% to approximately RMB4,401 per tonne, while gross profit increased by approximately 81.0% to approximately RMB3,653 million. The Group’s net profit for the year was approximately RMB2.54 billion, representing an increase of approximately 56.9% over the net profit of approximately

RMB1.62 billion last year. The Group's EBITDA increased to approximately RMB4.34 billion from approximately RMB3.08 billion last year, with basic earnings per share of RMB0.67 (2020: RMB0.43).

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. Besides, in January 2022, Jinxi Limited was certified as an enterprise with A grade in the environmental performance by the Department of Ecology and Environment of Hebei Province.

Based on the annual results of 2021 and with regard to the requirements of future development, sharing of the outstanding results of the Group with the shareholders of the Company (the "**Shareholders**"), the Board proposed the distribution of 2021 final dividend of HK\$0.06 per ordinary share and special dividend of HK\$0.03 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. During 2021, the Group had stepped up the implementation of its comprehensive budget management to reduce costs, carried out performance assessment based on market profit, strengthened the benchmarking management and optimised the cost of ore mix and molten iron. The Group also 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 was completed by the end of 2020 and put into production. With the completion of the Equipment Upsizing Project and the accompanying adjustment of the production line, the Group had redeployed its resources from the production of rebars to products such as section steel, strips and sheet piling to enhance the cost effectiveness. Accordingly, the Group is in the process of disposing a number of production equipment that were phased out and decommissioned as a result of the Equipment Upsizing Project, including certain ironmaking, steelmaking, steel rolling lines and related ancillary equipment at the old plant area. To this end, certain sale and purchase agreements had been executed by the end of 2021 and hence the Group recognised an impairment loss of approximately RMB224 million based on such sale consideration, and the Group currently maintains possessing capability of steel products annual production volume of over 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 in 2019 (the "**Branch-line Railway Project**"). The Branch-line Railway Project will be used to connect the Group's facilities with the railway

transportation hub system and ports nearby, replacing trucks for raw materials and products transportation after completion, which will also help the Group promote energy conservation and emission reduction going forward. At the end of 2021, the Group completed its responsible portion of the Branch-line Railway Project, with approximately 22,000 meters of track laid. The railway will be put into operation when the local government completes its responsible portion. In addition, with continuous investment, transformation and upgrading of various environmental protection, the Group has been certified as an enterprise with A grade in the environmental performance by the Department of Ecology and Environment of Hebei Province in January 2022. The Group is one of the few steel enterprises with long process steel production in Hebei Province with an A grade in the environmental performance, and is the first batch of private enterprises obtaining this rating, which will be conducive to the Group's future steel products production and operation. In 2021, the Group sold approximately 3.7 million tonnes of self-manufactured H-section steel products, and kept securing its leading position in the H-section steel market of the PRC since 2009.

In September 2021, Jinxi Limited has completed the subscription of 50,870,865 newly issued shares of Qingdao Huijintong Power Equipment Company Limited* (青島匯金通電力設備股份有限公司) (“**HJT**”). Upon the completion of the subscription, the Group holds in aggregate approximately 40.5% of the issued share capital of HJT, further realising the extension of its business chain to downstream. HJT is principally engaged in the research and development, manufacturing and sales of electric power transmission facilities and it currently operates a manufacturing plant in Shandong Province of the PRC with an annual production capacity of approximately 250,000 tonnes. In January 2022, following the completion of the changes in board structure and composition and the re-election of the board of directors of HJT, HJT formerly became an indirect non-wholly owned subsidiary of the Company, and is consolidated into the financial statement of the Group. In addition, at the end of 2020, the Group completed the acquisition of 80% equity interest of Chongqing Jodear Power Equipment Co., Ltd.* (重慶江電電力設備有限公司) (“**Chongqing Jodear**”) at RMB260 million. In 2021, Chongqing Jodear generated revenue from sales of power equipment of approximately RMB770 million to the Group. Chongqing Jodear is principally engaged in the research and development, manufacturing and sales of electric power transmission facilities and it currently operates manufacturing plants in Chongqing Municipal and Jiangsu Province of the PRC with an aggregate annual production capacity of approximately 100,000 tonnes. It is expected that the Group will further integrate the structure and business of HJT and Chongqing Jodear in order to achieve greater synergy in the future.

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**”). After entering into the investment agreement, the Group had acquired accumulated annual iron production capacity of approximately 2.35 million tonnes and annual steel production capacity of approximately 3.05 million tonnes. In light of the Chinese government’s action plan to reach carbon peak and direction to achieve carbon neutrality, there is considerable uncertainty as to whether the local government can obtain the energy consumption target within a reasonable time for the Fangchenggang Project. Thus, in November 2021, Jinxi Limited and Guangxi Chiji Iron and Steel Company Limited* (廣西翅冀鋼鐵有限公司) (“**Guangxi Chiji**”) entered into a sale and purchase agreement, pursuant to which Jinxi Limited, as the vendor, agreed to sell and Guangxi Chiji, as the Purchaser, agreed to purchase the entire issued share capital in Fangchenggang Jinxi Section Steel Technology Co., Ltd. (“**Fangchenggang Jinxi**”) at the aggregate consideration of RMB3.5 billion (the “**FCG Disposal**”). The FCG Disposal excluded the RMB500 million refundable deposit for land acquisition to be recovered from the Bureau of Land and Resources of Fangchenggang City and the Finance Bureau of Fangchenggang City and the approximately RMB13.8 million forest vegetation restoration fees to be recovered from the Department of Forestry of Guangxi Zhuang Autonomous Region by Jinxi Limited. Fangchenggang Jinxi was a project company of the Group for the Fangchenggang Project, which had plans to establish a new production base for the purposes of manufacturing and sales of steel products in Fangchenggang City in the PRC. For details of the FCG Disposal, please refer to the announcement dated 23 November 2021 and the circular dated 21 December 2021 of the Company. The FCG Disposal was completed in March 2022 and, according to the current latest estimation, The FCG Disposal is expected to generate a profit of approximately RMB726 million for the Group, which will be accounted for in 2022.

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 2021, the 4th phase of the Donghu Bay project in Tangshan City and the Jinxi Meishu Hall and Jinxi Xijiang Bay projects in Guangxi were under construction, of which the pre-sale of the 4th phase of the Donghu Bay project and the Jinxi Meishu Hall project has commenced. In 2021, the Group recorded from its real estate business a revenue and operating loss of approximately RMB44 million and RMB6 million respectively. As aforementioned, in view of the policy changes of the PRC government on carbon emission peak and carbon neutrality, the Group finalised the disposal of the Fangchenggang Project and the sale of Fangchenggang Jinxi in 2021. Considering that the policy changes aforementioned may lead to a decrease in the potential demand for real estate in Fangchenggang City, where both the Jinxi Meishu Hall and the Jinxi Xijiang Bay projects are located, for prudence consideration, the Group made an impairment provision of approximately RMB50 million for the properties under development of these two projects in 2021 based on the current market sales prices and estimated development costs. In addition, in view of the prosperity decline in the overall real estate market in the PRC, the Group applied the

expected credit loss approach to carry out provision for certain loan receivables related to the real estate industry (total loan receivables related to the real estate industry amounted to approximately RMB840 million as at 31 December 2021), by adopting an expected credit loss rate of approximately 10%. A provision for impairment of approximately RMB83 million was made.

In 2021, the revenue and gross profit arising from trading of steel products, iron ore and related raw materials of the Group were approximately RMB14.85 billion (2020: approximately RMB10.92 billion) and approximately RMB135 million (2020: approximately RMB125 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

In 2021, the total sales volume was 7,973,000 tonnes (2020: 8,178,000 tonnes), representing a decrease of approximately 2.5%.

The sales volume breakdown during the year was as follows:

	2021		2020		Changes in sales volume
	Sales volume		Sales volume		Increase/
	('000 tonnes)		('000 tonnes)		(Decrease)
H-section steel products	3,720	46.7%	3,250	39.7%	14.5%
Strips and strip products	2,919	36.6%	1,180	14.4%	147.4%
Billets	550	6.9%	1,687	20.6%	(67.4%)
Cold rolled sheets and galvanised sheets	270	3.4%	293	3.6%	(7.8%)
Rebar	-	-	1,002	12.3%	(100.0%)
Sheet piling	514	6.4%	766	9.4%	(32.9%)
Total	<u>7,973</u>	<u>100%</u>	<u>8,178</u>	<u>100%</u>	<u>(2.5%)</u>

During the year of 2021, the Group's capability of steel products annual production volume was more than 10 million tonnes.

Revenue

Revenue in 2021 was RMB35,088 million (2020: RMB27,095 million), representing an increase of approximately 29.5%. Export to foreign countries contributed revenue of RMB242 million (2020: RMB333 million), representing approximately 0.7% (2020: 1.2%) of revenue from sales of self-manufactured steel products.

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

	2021		2020		Changes	
	Revenue	Average selling price	Revenue	Average selling price	Revenue	Average selling price
	(RMB million)	(RMB/tonne)	(RMB million)	(RMB/tonne)	Increase/(Decrease)	
H-section steel products	15,577	4,187	10,629	3,271	46.6%	28.0%
Strips and strip products	13,144	4,504	3,902	3,306	236.9%	36.2%
Billets	2,137	3,886	5,175	3,067	(58.7%)	26.7%
Cold rolled sheets and galvanised sheets	1,544	5,711	1,278	4,353	20.8%	31.2%
Rebar	–	–	3,133	3,128	(100.0%)	(100.0%)
Sheet piling	2,686	5,227	2,978	3,889	(9.8%)	34.4%
Total/combined	<u>35,088</u>	<u>4,401</u>	<u>27,095</u>	<u>3,313</u>	<u>29.5%</u>	<u>32.8%</u>

The increase in revenue from self-manufactured steel products was primarily due to the increase in average selling price of the Group's products by 32.8% to RMB4,401 per tonne in 2021 from RMB3,313 per tonne in 2020. The increase in average selling price of the Group's steel products was mainly due to the healthy development in the domestic steel market and the relative tight balance of supply and demand of steel products.

Cost of Sales and Gross Profit

The consolidated gross profit in 2021 was RMB3,653 million (2020: RMB2,018 million), representing an increase of approximately 81.0%.

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

	2021			2020		
	Average unit cost (RMB/ tonne)	Gross profit per tonne (RMB)	Gross profit margin	Average unit cost (RMB/ tonne)	Gross profit per tonne (RMB)	Gross profit margin
H-section steel products	3,770	417	10.0%	2,971	300	9.2%
Strips and strip products	3,953	551	12.2%	3,038	268	8.1%
Billets	3,424	462	11.9%	2,905	162	5.3%
Cold rolled sheets and galvanised sheets	5,639	72	1.3%	4,195	158	3.6%
Rebar	-	-	-	2,956	172	5.5%
Sheet piling	4,800	427	8.2%	3,581	308	7.9%
Combined	<u>3,943</u>	<u>458</u>	<u>10.4%</u>	<u>3,066</u>	<u>247</u>	<u>7.5%</u>

In 2021, gross profit per tonne of the Group's steel products increased to RMB458 from RMB247 in 2020, reflecting an increase of 85.4%. In 2021, gross profit margin increased to 10.4% from 7.5% in 2020. The increase in gross profit margin for the year ended 31 December 2021 was primarily due to the increase in the average selling price of the Group's steel products was greater than the increase in the average unit cost, the implementation of an effective cost management system, with which the Group optimised the costs of molten iron and production and the completion of the Equipment Upsizing Project in 2020 that the adverse impact on operation efficiency from implementation of the project on site has been eliminated.

Property Development

For the year ended 31 December 2021, the revenue from real estate business of the Group amounted to approximately RMB44 million. The gross floor area ("GFA") of properties delivered was approximately 400 m². The average selling price of properties delivered was approximately RMB7,600 per m².

As at 31 December 2021, the Group had the following projects under construction with a GFA approximately 382,000 m²:

No.	City	Property project	Phase of project	GFA under construction (m ²)	Estimated time of completion	Effective interest owned
1	Tangshan	Donghu Bay	Phase 4	62,000	2022	97.6%
2	Fangchenggang	Jinxi Meishu Hall	Main Structure	72,000	2022	97.6%
3	Fangchenggang	Jinxi Xijiang Bay	Main Structure	248,000	2025 to 2029	97.6%

The above projects are expected to be completed from 2022 to 2029 and will contribute stable revenue and profits to our Group.

FUTURE PROSPECTS

Looking into 2022, the international environment will be increasingly complicated and volatile. The pandemic of COVID-19 and its variant, geopolitical tension and the ongoing high inflation impose uncertainty on the economy. Given the policies such as the aforementioned the ““14th Five-Year Plan” for the Development of the Raw Material Industry” and “Guiding Opinions on Promoting High-Quality Development of the Steel Industry”, etc., policies will be implemented in the steel industry to achieve carbon peak, with a view to decreasing production capacity and volume of crude steel and maintaining a reasonable level of capacity utilisation by 2025. Considering the objectives of carbon peak and carbon neutrality (the “**Dual Carbon Emission Targets**”), the PRC is expected to uphold controls over the production capacity and volume of crude steel and the production volume of crude steel in 2022 may be slightly lower than that of 2021. With respect to the demand of the steel industry, driven by the fiscal and monetary policies of the PRC, the Group expects escalating investments in infrastructure, bottoming out of investments in and construction commencement of real estates and relatively high growth in manufacturing industry being maintained, the overall demands of downstream industries may slightly decrease, while maintaining resilience. As for costs, in the backdrop of the Dual Carbon Emission Targets, the expected control over production capacity and volume, as well as released of raw material supplies, the supply and demand for raw materials is expected to gradually shift to a more relaxed situation. Regarding the geopolitical tension, according to the information of World Steel Association, the trade of steel products between China and Russia and Ukraine was relatively low. In terms of China’s steel products export in 2020, exports to Russia and Ukraine accounted for less than 2%, and exports to the European Union accounted for less than 5%. Hence, it is expected that the direct impact on the export of China’s steel industry would be limited. In contrast, as the exports of Russia and Ukraine’s steel products are mainly in Europe and the Middle East region, the geographical tension may affect the domestic supply of steel products in these areas. In terms of iron ore, the iron ore consumed by

China's steel industry is mainly imported from Australia and Brazil, and the iron ore production of Russia and Ukraine in 2020 accounted for 4.75% and 3.36% of the world's iron ore production, respectively. The proportions were relatively small. Therefore, the impact of geopolitical tension on China's steel market is expected to be limited. Overall, while the business environment of steel industry remains relatively volatile, the overall development is still expected to be relatively positive in 2022.

In this context, the Group will actively follow the PRC government's policies and enhance its competitiveness and strive for a leading position in the industry by continuously improving process standards and reducing costs, developing and increasing high value-added products, enhancing internal management and continuously upgrading its facilities. The Group will continue to focus on the development of the section steel business. The Group completed the construction of 250 section steel rolling line in October 2021 to enhance the section steel rolling capacity, and will develop different types of angle steel products in 2022 and strengthen the upstream and downstream linkage and integration with HJT and Chongqing Jodear, etc.. At the same time, the Group also plans to invest in mechanised raw material storage projects, strip rolling line renovation projects and 450 cubic meter capacity sintering machine projects, etc., to sharpen the Group's competitive advantages in the steel manufacturing sector. Apart from focusing on the steel manufacturing business, the Group is actively expanding its market-based steel products and raw materials trading business, downstream steel-related PS components 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 green and sustainable development, the Group is closely following policy development and exploring the feasibility of different technical solutions for carbon reduction 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 2022, and as of February 2022, the Group has already deployed a total of over 500 new energy trucks and over 200 China VI Emission Standard trucks, with a clean transportation ratio of over 80%, to further reduce emissions. In addition, the Group continues to invest in various projects on equipment upgrade and environmental protection equipment, including self-generating units running on blast furnace gas and gas cabinet project, distributed photovoltaic power generation project and the sintering machine's cooler renovation project, to achieve further emission reduction and improve cost efficiency.

Following the disposal of Fangchenggang Jinxi, 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 will continue to actively explore business opportunities in line with its corporate strategy, including horizontal and vertical (in particular, downstream) corporate merger

and acquisition opportunities, etc., in order to broaden the Group's revenue sources and enhance its profitability, realise sustainable growth prospects and enhance its corporate value. In addition, the Group will also, from time to time, evaluate the possibility to increase dividend distributions under appropriate circumstances to reward the Shareholders for their support of 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 18 years (since its listing), the Group's overall capability of steel products annual production volume has increased from approximately 3.1 million tonnes at the time of listing to more than 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, create value for shareholders and maximise business growth opportunities through effective capital and asset allocation, while remaining robust and resilient in ever-changing business environment, so as to maximise Shareholders' value.

FINANCIAL REVIEW

Liquidity and Financial Resources

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

As at 31 December 2021, the Group had unutilised banking facilities of approximately RMB9.3 billion (2020: approximately RMB7.2 billion).

As at 31 December 2021, the current ratio of the Group, representing current assets divided by current liabilities, was 1.2 times (2020: 1.3 times) and the gearing ratio, representing total liabilities divided by total assets, was 55.6% (2020: 52.4%).

As at 31 December 2021, the cash and cash equivalents of the Group amounted to approximately RMB4,627 million (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 Structure

As at 31 December 2021, borrowings of approximately RMB12,252 million of the Group bore fixed interest rates ranged from 0.40% to 7.50% per annum and borrowings of approximately RMB1,728 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. During the year ended 31 December 2021, the Group also entered into certain foreign currency forward contracts to manage its exposure to foreign currency exchange rates fluctuation. As at 31 December 2021, the notional amounts of these derivative instruments amounted to nil.

The Group monitors its capital on the basis of the debt-to-capital ratio. This ratio is calculated as total debt divided by total capital. Total debt includes current and non-current borrowings, lease liabilities and loans from related parties. The Group regards its non-current borrowings, non-current lease liabilities and equity attributable to owners of the Company as its total capital. As at 31 December 2021, the debt-to-capital ratio of the Group was 56.7% (2020: 48.4%).

The consolidated interest expenses and capitalised interest in 2021 amounted to approximately RMB460 million (2020: approximately RMB367 million). The interest coverage (divide profit for the year before finance costs — net and income tax expense by total interest expenses) was 7.0 times (2020: 5.2 times).

Commitments

As at 31 December 2021, the Group had total commitments of approximately RMB1,911 million (2020: approximately RMB886 million). It is estimated the commitments will be financed by the Group's internal resources and available banking facilities.

Guarantee and Contingent Liabilities

As at 31 December 2021, the Group's contingent liabilities amounted to approximately RMB36 million (2020: approximately RMB96 million), which was the provision of guarantee for engineering and trading in favour of third parties.

Pledge of Assets

As at 31 December 2021, the net book value of the Group's leasehold land and land use rights amounting to approximately RMB136 million (2020: approximately RMB24 million), property, plant and equipment amounting to approximately RMB337 million (2020: approximately RMB240 million), properties under development and held for sale amounting to approximately RMB96 million (2020: nil) trade receivables amounting to nil (2020: approximately RMB329 million), notes receivable amounting to approximately RMB916 million (2020: approximately RMB86 million), structured bank

deposits amounting to nil (2020: RMB1,000 million), long-term bank deposits amounting to approximately RMB2,900 million (2020: nil) and restricted bank balances amounting to approximately RMB2,531 million (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 ore and the relevant products from overseas suppliers and the Group's foreign currency borrowings, which are denominated and settled in USD. Foreign exchange rates fluctuate in reaction to the macro-economic performance of different countries and fund flows between countries arising from trade or capital commitments. In view of the continuous fluctuation of the RMB exchange rate against USD, during the year ended 31 December 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, Steel Products and Related Raw Materials Derivative Financial Instruments

In view of the significant fluctuation of iron ore, steel products and related raw materials prices during 2021, the Group entered into certain iron ore, steel products and related raw materials future or future option contracts so as to reduce the impact of the volatility of the iron ore, steel products and related raw materials prices on the Group. The Group uses a combination of iron ore, steel products and related raw materials derivatives to achieve the above purpose. The investment gains from iron ore, steel products and related raw materials derivative financial instruments amounted to approximately RMB17 million (2020: investment losses of approximately RMB56 million) for the year ended 31 December 2021.

Dividend

The Board proposed a final dividend of HK\$223.4 million (approximately RMB181.6 million), representing HK\$0.06 per ordinary share and a special dividend of HK\$111.7 million (approximately RMB90.7 million), representing HK\$0.03 per ordinary share in respect of the year ended 31 December 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 June 2022. The final and special dividends, payable on or around Monday, 4 July 2022 is subject to approval of the shareholders of the Company at the forthcoming Annual General Meeting of the Company (the "AGM") to be held on Wednesday, 8 June 2022.

Material Acquisitions and Disposals and Post Balance Sheet Events

- (a) Since September 2021, the Group holds in aggregate approximately 40.5% of the issued share capital of HJT and is the major shareholder of HJT. On 4 January 2022, HJT held a special general meeting in which the election of the chairman, vice chairman, director and the appointment of senior management were approved. According to the resolutions passed at the meeting, the Group accounted for 5 out of the 9 board members of HJT. The Group de facto controls HJT since 4 January 2022 and HJT became an indirect non-wholly owned subsidiary of the Group.
- (b) Pursuant to a sale and purchase agreement dated 23 November 2021 (the “**FCG Disposal Agreement**”), Jinxi Limited, a non-wholly owned subsidiary of the Group, agreed to dispose of its entire 100% equity interest in Fangchenggang Jinxi to Guangxi Chiji at a cash consideration of RMB3.5 billion. Fangchenggang Jinxi is a subsidiary of the Group which holds an approved iron production capacity of 2.35 million tonnes and steel production capacity of 3.05 million tonnes per year (the “**Production Capacity**”).

According to the terms as set out in the FCG Disposal Agreement, Fangchenggang Jinxi has to transfer out certain of its assets/liabilities (the “**Assets/Liabilities to be Transferred Out**”) to its parent prior to the completion of the FCG Disposal. The Assets/Liabilities to be Transferred Out comprise of Fangchenggang Jinxi’s cash and cash equivalents, other receivables (primarily including a refundable deposit for land acquisition and forest vegetation restoration fees of RMB500 million and approximately RMB13.8 million, respectively which are recoverable from the relevant government authorities in the Fangchenggang City), property, plant and equipment and all of its liabilities.

After the transfer of the Assets/Liabilities to be Transferred Out, the only assets to be retained by Fangchenggang Jinxi would be the intangible assets in connection with the Production Capacity and certain prepayments, deposits and other receivables with carrying amounts of approximately RMB2,614.5 million and RMB159.7 million respectively and the Group has reclassified these assets as “assets classified as held for sale” as at 31 December 2021.

The Group has already received a deposit for the FCG Disposal of RMB2.45 billion by December 2021 and the FCG Disposal was eventually completed in March 2022.

As mentioned in Note 21, the Group’s disposal of the assets classified as held for sale was completed in March 2022 and the gain from the disposal amounted to approximately RMB726 million.

Save as disclosed above, the Group did not have any other material acquisitions and disposals during the year ended 31 December 2021 and there are no events to cause material impact on the Group from the balance sheet date to the date of this announcement that should be disclosed.

Financial Assets at Fair Value Through Profit or Loss

As at 31 December 2021, the Group held financial assets at fair value through profit or loss of approximately RMB6,447 million, accounting for 12.4% of total assets, particulars of which are set out below:

Money Market Funds

Name of the financial assets	Number of units held as at 31 December 2021 (‘000)	Investment cost as at 31 December 2021 (RMB‘000)	Fair value as at 31 December 2021 (RMB‘000)	Realised investment income/(loss) for the year ended 31 December 2021 (RMB‘000)	Fair value to the total assets of the Group as at 31 December 2021
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	527,624	527,624	527,990	10,020	1.01%
Harvest HuoQiBao Monetary Market Fund*					
嘉實活期寶貨幣市場基金	9,647	9,647	9,647	651	0.02%
Harvest Monetary Market Fund*					
嘉實貨幣市場基金	181,011	181,011	181,068	6,808	0.35%
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	86,890	86,890	86,890	949	0.17%
Bosera Cash Pot Money Market Fund					
博時現金寶貨幣市場基金	67,763	67,763	67,763	1,999	0.13%
Others	—	—	—	17	—
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	25,146	25,146	25,146	244	0.05%
Minsheng JiaYin Cash Pot Monetary Market Fund*					
民生加銀現金寶貨幣市場基金	—	—	—	172	—
China Southern TianTianLi Monetary Market Fund*					
南方天天利貨幣市場基金	6,026	6,026	6,026	339	0.01%
Harvest Monetary Market Fund*					
嘉實貨幣市場基金	—	—	—	349	—
Aegon-Industrial Monetary Market Securities Investment Fund*					
興全貨幣市場證券投資基金	40	40	40	33	<0.01%
Others	—	—	—	97	—

Name of the financial assets	Number of units held as at 31 December 2021 (<i>'000</i>)	Investment cost as at 31 December 2021 (<i>RMB'000</i>)	Fair value as at 31 December 2021 (<i>RMB'000</i>)	Realised investment income/(loss) for the year ended 31 December 2021 (<i>RMB'000</i>)	Fair value to the total assets of the Group as at 31 December 2021
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	—	—	—	2,089	—
Aegon-Industrial Monetary Market Securities Investment Fund*					
興全貨幣市場證券投資基金					
China Southern TianTianLi Monetary Market Fund*	10,782	10,782	10,782	2,175	0.02%
China Southern TianTianLi Monetary Market Fund*					
南方天天利貨幣市場基金	—	—	—	790	—
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	204,346	204,346	204,346	3,413	0.39%
China Southern Asset Management Company Limited					
南方基金管理股份有限公司					
China Southern TianTianLi Monetary Market Fund*					
China Southern TianTianLi Monetary Market Fund*					
南方天天利貨幣市場基金	97,715	97,715	97,715	1,738	0.19%
China Southern Cash ZengLi Fund*					
China Southern Cash ZengLi Fund*					
南方現金增利基金	20,083	20,083	20,104	137	0.04%
Others	9,096	9,096	9,096	96	0.02%
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	141,826	141,826	141,902	3,636	0.27%
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	3,951	3,951	3,951	525	0.01%
Others	104	10,420	10,424	—	0.02%

Name of the financial assets	Number of units held as at 31 December 2021 ('000)	Investment cost as at 31 December 2021 (RMB'000)	Fair value as at 31 December 2021 (RMB'000)	Realised investment income/(loss) for the year ended 31 December 2021 (RMB'000)	Fair value to the total assets of the Group as at 31 December 2021
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	72,177	72,177	72,177	4,806	0.14%
China Merchants Bank Co., Ltd.					
招商銀行股份有限公司					
E Fund Daily Income Money Market Fund*					
易方達天天增利貨幣市場基金	10,015	10,015	10,024	342	0.02%
E Fund Day Wealth Management Money Market Fund					
易方達天天理財貨幣市場基金	10,022	10,022	10,025	459	0.02%
E Fund Swift Wealth Management Money Market Fund					
易方達財富快線貨幣市場基金	10,016	10,016	10,025	455	0.02%
Others	4,014	4,014	4,014	152	0.01%
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	—	—	—	585	—
Minsheng JiaYin Cash Zengli Monetary Market Fund*					
民生加銀現金增利貨幣市場基金	—	—	—	26	—
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	—	—	—	1,942	—
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	82,654	82,654	82,654	1,584	0.16%
E Fund Management (HK) Co., Ltd.					
E Fund (HK) US Dollar Money Market Fund					
	—	—	—	(848)	—
Da Cheng International Asset Management Co., Ltd.					
Da Cheng Money Market Fund					
	—	—	—	(765)	—

Name of the financial assets	Number of units held as at 31 December 2021 (<i>'000</i>)	Investment cost as at 31 December 2021 (<i>RMB'000</i>)	Fair value as at 31 December 2021 (<i>RMB'000</i>)	Realised investment income/(loss) for the year ended 31 December 2021 (<i>RMB'000</i>)	Fair value to the total assets of the Group as at 31 December 2021
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	111,865	111,865	111,865	2,232	0.21%
CCB Principal Cash Enhance Money Market Fund*					
建信現金增利貨幣市場基金	20,251	20,251	20,251	1,551	0.04%
CCB Principal Money Market Fund*					
建信貨幣市場基金	10,125	10,125	10,125	223	0.02%
YinHua Fund Management Co., Ltd.					
銀華基金管理股份有限公司					
YinHua Trading Money Market Fund*					
銀華交易型貨幣市場基金	631	64,485	63,221	—	0.12%
Others	—	—	—	279	—
Total		<u>1,797,990</u>	<u>1,797,271</u>	<u>49,300</u>	<u>3.45%</u>

Investment strategies of money market funds

Unless otherwise specified, money market funds are funds generally investing in money market instruments with security and high liquidity. As the investment targets are mainly concentrated in short-term money market instruments, money market funds possess characteristics of high liquidity, low risk and relatively low return (but higher than deposits). The terms of investment targets generally are less than 1 year, and the investment scope mainly include cash, bank fixed deposits, certificates of deposits, bonds with a remaining term of within 397 days, central bank notes with a term of within 1 year, bond repurchases, as well as other money market instruments with good liquidity approved by the China Securities Regulatory Commission (“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.

Financial Investment Products

Name of the financial assets	Number of units held as at 31 December 2021 (‘000)	Investment cost as at 31 December 2021 (RMB‘000)	Fair value as at 31 December 2021 (RMB‘000)	Realised investment income/(loss) for the year ended 31 December 2021 (RMB‘000)	Fair value to the total assets of the Group as at 31 December 2021
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	—	—	—	527	—
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	—	—	—	173	—
QianYuan — RiXinYueYi (Daily) Open-end RMB Financial Investment Product*					
乾元 — 日鑫月溢(按日)開放式資產組合型人民幣理財產品	— ¹	7,305	7,305	438	0.01%
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	—	—	—	71	—
“QianYuan RiRiXinGao” (Daily) Open-end Assembled Assets RMB Financial Investment Product*					
「乾元日日鑫高」(按日)開放式資產組合型人民幣理財產品	— ¹	27,000	27,000	190	0.05%
Others	— ¹	1,080	1,080	23	<0.01%
Agricultural Bank of China Limited					
中國農業銀行股份有限公司					
Agricultural Bank of China “BenLiFeng Daily” Open-end RMB Financial Investment Product*					
中國農業銀行「本利豐天天利」開放式人民幣理財產品	—	—	—	116	—
Agricultural Bank of China “BenLiFeng Bubugao” Open-end RMB Financial Investment Product*					
中國農業銀行「本利豐步步高」開放式人民幣理財產品	—	—	—	133	—

Name of the financial assets	Number of	Investment	Fair value	Realised	Fair value
	units held	cost as at	as at	investment	to the total
	as at			income/(loss)	assets of
	31 December	31 December	31 December	for the year	the Group
	2021	2021	2021	ended	as at
	('000)	(RMB'000)	(RMB'000)	31 December	31 December
				2021	2021
				(RMB'000)	
China Merchants Bank Co., Ltd. & China Merchants Wealth Asset Management Co., Ltd.					
招商銀行股份有限公司及招商財富資產管理有限公司					
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	— ¹	4,450	4,450	221	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	—	—	—	1,514	—
CM Wealth — Multi-Linked — ZhaoLi No. 49 Single					
Asset Management Plan*					
招商財富 — 多元掛鉤 — 招利49號單一資產管理計劃	—	—	—	1,843	—
CM Wealth — Multi-Linked — ZhaoLi No. 54 Single					
Asset Management Plan*					
招商財富 — 多元掛鉤 — 招利54號單一資產管理計劃	— ¹	50,000	50,000	—	0.10%
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					
BOCOM Wealth Management Guaranteed Cash TianLi	—	—	—	1,729	—
Wealth Management Product*					
交銀理財穩享現金添利理財產品	—	—	—	107	—
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	—	—	—	1,389	—
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	35,364	40,000	40,923	817	0.08%
Bank of Tianjin Co., Ltd.					
天津銀行股份有限公司					
“Kunpeng Wealth — (For Public) Daily Open-end					
Net Worth Phase 1” Financial Investment Product					
(For Public)*					
「鯤鵬財富 — 對公天天開放淨值型1期」對公理財產品	—	—	—	639	—

Name of the financial assets	Number of units held as at 31 December 2021 (‘000)	Investment cost as at 31 December 2021 (RMB‘000)	Fair value as at 31 December 2021 (RMB‘000)	Realised investment income/(loss) for the year ended 31 December 2021 (RMB‘000)	Fair value to the total assets of the Group as at 31 December 2021
Industrial and Commercial Bank of China Limited					
中國工商銀行股份有限公司					
ICBC Wealth Management • Tianlibao Private Banking Exclusive Open-end Net Value Financial Investment Product*					
工銀理財·添利寶私銀尊享開放淨值型理財產品	—	—	—	36	—
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	—	—	—	1,201	—
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	—	—	—	450	—
ICBC Wealth Management — Unfixed and Ultra-short-term RMB Financial Investment Product*					
工銀理財 — 無固定期限超短期人民幣理財產品	—	—	—	147	—
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	—	—	—	970	—
Xiamen International Trust Co., Ltd.					
廈門國際信託有限公司					
Xiamen Trust — Suijin No. 1 Assembled Funds Trust Plan*					
廈門信託 — 穗金1號集合資金信託計劃	— ¹	50,000	50,000	4,650	0.10%
Tebon Securities Co., Ltd.					
德邦證券股份有限公司					
Tebon Securities Jinrui No. 1 Sole Asset Management Plan*					
德邦證券津瑞1號單一資產管理計劃	50,000	50,000	52,775	1,270	0.10%
Others	14,976	15,000	14,885	760	0.03%
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	—	—	—	512	—
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	27,954	30,000	30,841	—	0.06%

Name of the financial assets	Number of	Investment	Fair value	Realised	Fair value
	units held	cost as at	as at	investment	to the total
	as at			income/(loss)	assets of
	31 December	31 December	31 December	for the year	the Group
	2021	2021	2021	ended	as at
	('000)	(RMB'000)	(RMB'000)	31 December	31 December
				2021	2021
				(RMB'000)	
AVIC Trust Company Limited					
中航信託股份有限公司					
AVIC Trust • TianYuan No. 21A218 Property					
Development Equity Investment Assembled Funds					
Trust Plan*					
中航信託·天垣21A218號房地產開發股權投資集合					
資金信託計劃					
	48,680	48,680	48,680	—	0.09%
AVIC Trust • TianQi No. [2020]552 Sunac Qingdao					
One Sino Park Equity Investment Assembled					
Funds Trust Plan*					
中航信託·天啟[2020]552號融創青島壹號院股權					
投資集合資金信託計劃					
	42,959	42,959	42,959	1,411	0.08%
HuaAn Securities Co., Ltd.					
華安證券股份有限公司					
HuaAn Securities Monthly Gain					
Assembled Assets Management Plan*					
華安證券月月贏集合資產管理計劃					
	97,103	100,000	101,992	—	0.20%
Others	— ¹	36,750	36,750	10,287	0.07%
Total		503,224	509,640	31,624	0.98%

Note:

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

Investment strategies of financial investment products

Unless otherwise specified, financial investment products are generally bank wealth management products issued by certain PRC reputable banking institutions. The investment strategies are with security and liquidity in priority, while pursuing appropriate level of returns. They mainly invest in cash assets, money market instruments, money market funds, standardised fixed income assets, non-standardised debt assets and other regulatory-compliant assets portfolios. On this basis, they may 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 Merchants Wealth Asset Management Co., Ltd. (招商財富資產管理有限公司)

CM Wealth — Multi-Linked — ZhaoLi No. 49 Single Asset Management Plan* (招商財富 — 多元掛鉤 — 招利49號單一資產管理計劃) and CM Wealth — Multi-Linked — ZhaoLi No. 54 Single Asset Management Plan* (招商財富 — 多元掛鉤 — 招利54號單一資產管理計劃) are a commodity and financial derivative product. The asset manager will, in compliance with laws and regulations and the relevant provisions of the investment agreement, carry out investment to seek risked return for asset principals under the premise of risk control. The plan primarily invests in over-the-counter derivatives such as option contracts and income swaps issued by dealers with over-the-counter derivatives trading licenses; securities dealer income certificates; bank deposits, money funds and other money market instruments; publicly offered securities investment funds and other financial products and varieties as permitted by laws and regulations or regulatory authorities. The asset manager may in the future, upon agreement with the principal and the custodian, include in the scope of investment other varieties that are permitted to be invested by laws and regulations or regulatory authorities. The proportion of the plan's position value invested in commodities and financial derivatives shall not be less than 80% of the plan's total assets, and the interest in the derivatives account shall exceed 20% of the plan's total assets.

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.

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. 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 debts, 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 multi-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; (2) equity assets: 0%–20% of the total assets of the plan; 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 debts, 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.

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

AVIC Trust • TianYuan No. 21A218 Property Development Equity Investment Assembled Funds Trust Plan* (中航信託•天垣21A218號房地產開發股權投資集合資金信託計劃) is limited to the amount of funds raised under the trust plan, and will pay to Chongqing Loxujia Real Estate Development Co., Limited* (重慶樂旭嘉房地產開發有限公司) (“**Chongqing Loxujia**”) based on the actual amount of funds raised under the trust plan, after the transfer of 70% equity interest in Chongqing Loxujia from Chongqing Linnan Real Estate Development Co., Limited* (重慶霖楠房地產開發有限公司) (“**Chongqing Linnan**”). These shareholder contributions will be fully credited to Chongqing Loxujia’s capital reserve. Chongqing Loxujia used the shareholder’s funds paid by AVIC Trust for the replacement of Chongqing Loxujia’s previous shareholder’s investment, the development and construction of the project on the land parcel in Yubei District, Chongqing (the “**Chongqing Subject Project**”), and for other purposes as agreed by the Trustee, ultimately realising the Trust’s shareholder’s interest in Chongqing Loxujia and the investment interest in the Subject Project. The Chongqing Subject Project is a residential project located in the eastern part of Chongqing Central Park, which belongs to the core development area of Chongqing City. The project is developed by Sunac China and AVIC Trust is responsible for its supervision. It is pledged with the project company’s equity interest.

AVIC Trust • TianQi No. [2020]552 Sunac Qingdao One Sino Park Equity Investment Assembled Funds Trust Plan* (中航信託•天啟[2020]552號融創青島壹號院股權投資集合資金信託計劃) is limited to the amount of funds raised under the trust plan, and will contribute capital to Beijing Sunac Jiamao Information Consulting Co., Limited* (北京融創嘉茂信息諮詢有限公司) (“**Beijing Sunac**”) on a 70%:30% basis with Sunac (Qingdao) Real Estate Co., Limited* (融創(青島)置地有限公司) (“**Sunac Qingdao**”), after the transfer of 70% equity interest in Beijing Sunac from Sunac Qingdao. Beijing Sunac shall use the entire contribution to acquire from Sunac Qingdao a 50% equity interest in Qingdao Haozhong Real Estate Co., Limited* (青島浩中房地產有限公司) which is held by Qingdao Haiyue Wenhua Industrial Co., Limited* (青島海悅文華實業有限公司) (“**Haiyue Wenhua**”) on Sunac Qingdao’s behalf, who is the effective holder, so that AVIC Trust can ultimately enjoy the investment income from the real estate projects to be developed and constructed on the land parcels in Laoshan District, Qingdao (the “**Qingdao Subject Project**”), through its indirect equity interest in Haiyue

Wenhua by virtue of its shareholdings in Beijing Sunac. The Qingdao Subject Project is a luxury residential project located in Laoshan District, Qingdao, which lies within 3 km from the service area of the planned “Jinjialing Financial Zone”. The project is developed by Sunac China while AVIC Trust is responsible for its supervision. It is pledged with the project company’s equity interest.

HuaAn Securities Co., Ltd. (華安證券股份有限公司)

HuaAn Securities Monthly Gain Assembled Asset Management Plan* (華安證券月月贏集合資產管理計劃) primarily invests in low-risk financial products such as bonds and other financial products with fixed income on the basis of strict risk control, so as to grasp market investment opportunities to achieve stable revenue for the assembled plan. The assembled plan invests in national debts, various financial bonds (including subordinated bonds and hybrid capital bonds), central bank notes, corporate bonds, debentures (including non-public offered debentures), convertible bonds, exchangeable bonds, bond funds, premium class of tiered fund, asset securitisation products, cash, bond reverse repurchases, bank deposits, interbank certificates of deposit, ultra-short-term financing bonds, short-term financing bonds, medium-term notes, non-public debt-financing instruments and money market funds, in each case, issued domestically in accordance with laws, as well as other fixed-income products the assembled plan is allowed to invest by the CSRC. It may also participate in bond repurchases. In particular, the issuer (or debt) of the corporate bonds, company bonds, detachable bonds, medium-term notes and other credit bonds shall have a credit rating not lower than AA, the debt of short-term financing bonds shall have a credit rating not lower than A-1, and the average remaining maturity of the portfolio bonds shall not exceed 397 days.

Listed Bond Investments

Name of the financial assets	Number of	Investment	Fair Value	Realised	Fair value
	units held	cost as at	as at	investment	to the total
	as at			income/(loss)	assets of
	31 December	31 December	31 December	for the year	the Group
	2021	2021	2021	ended	as at
	(’000)	(RMB’000)	(RMB’000)	31 December	31 December
				2021	2021
				(RMB’000)	
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	2,382	215,388	215,727	13,826	0.41%
Shanghai Longlife Investment Co., Ltd.					
上海久期投資有限公司					
Longlife Jinxi Pure Bond No. 1 Private Equity					
Investment Fund*					
久期津西純債1號私募證券投資基金	1,237	132,014	130,537	6,000	0.25%

Name of the financial assets	Number of units held as at 31 December 2021 ('000)	Investment cost as at 31 December 2021 (RMB'000)	Fair Value as at 31 December 2021 (RMB'000)	Realised investment income/(loss) for the year ended 31 December 2021 (RMB'000)	Fair value to the total assets of the Group as at 31 December 2021
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	2,613	264,367	265,579	21,612	0.51%
China International Capital Corporation Limited					
中國國際金融股份有限公司					
ZhongJinDingYi No. 10 Sole Asset Management Plan*					
中金鼎益10號單一資產管理計劃	2,707	293,592	294,090	8,763	0.56%
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	—	—	—	9,186	—
China Futures Co., Ltd.					
中信建投期貨有限公司					
China Futures JinYing No. 1 Sole Asset Management Plan*					
中信建投期貨津盈1號單一資產管理計劃	2,565	262,316	263,268	3,716	0.51%
Others	0.4	40	59	—	<0.01%
Total		<u>1,167,717</u>	<u>1,169,260</u>	<u>63,103</u>	<u>2.24%</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. The investment 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, 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.

China Futures Co., Ltd. (中信建投期貨有限公司)

China Futures JinYing No. 1 Sole Asset Management Plan* (中信建投期貨津盈1號單一資產管理計劃) seeks to achieve long-term and stable returns under the premise of effective risk control. The plan invests in: fixed-income products 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, project income notes, private placement note, subordinated bonds of securities companies, subordinated bonds of commercial banks, hybrid capital bonds, other financial institution bonds, insurance company bonds, convertible bonds (including private placement), exchangeable bonds (including private placement), interbank certificates of deposit, publicly listed securitisation products of corporate/credit asset (excluding subordinated products), asset-backed notes (excluding subordinated products), each of which includes sustainable instruments; money market instruments and depositary instruments including negotiated deposits, interbank deposits, bond repurchases, bond reverse repurchases, money market funds and public bond funds; and derivatives including government bond futures and margin offsetting business of government bonds on various futures exchanges. The plan is subject to the following investment restrictions: 1. the issuer and debt (if any) of the bonds invested by the plan shall have a credit rating not lower than AA; 2. the market value of any single bond, debt financing instruments of non-financial corporates and asset-backed securities held under

the plan shall not exceed 20% of the plan's net asset value, for investment in bonds, debt financing instruments of non-financial corporates and asset-backed securities issued by the same institution, the market value of which shall not contribute more than 20% of the plan's net asset value, however, the above ratio is not applicable to government bonds, central bank notes, policy financial bonds and interbank certificates of deposit with a issuer rating of AA or above; 3. the market value of convertible bonds and exchangeable bonds issued by a single institution and held under the plan shall not exceed 20% of the net asset value of the plan, and the aggregated market value of all convertible bonds and exchangeable bonds held under the plan shall not exceed 30% of the plan's net asset value; 4. the plan's investment in a single public fund shall not contribute more than 50% of the plan's net asset value; 5. the plan's investment in deposits, bonds and other debt assets shall not, by market value, contribute less than 80% of the plan's total assets; and 6. the total assets of the plan shall not exceed 200% of its net assets.

Investment Funds

Name of the financial assets	Number of	Investment	Fair value	Realised	Fair value to
	units held			investment	
	as at	cost as at	as at	for the year	the total
	31 December	31 December	31 December	31 December	assets of the
	2021	2021	2021	2021	Group as at
	('000)	(RMB'000)	(RMB'000)	(RMB'000)	31 December
					2021
Shanghai QiuSheng Assets Management Co., Ltd.*					
上海秋晟資產管理有限公司					
QiuSheng Asset YanXi No. 1 Macro Hedging					
Private Equity Fund*					
秋晟資產言蹊1號宏觀對沖私募基金	172,872	176,406	162,517	701	0.31%
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	—	—	—	1,140	—
Bosera Asset Management Company Limited					
博時基金管理有限公司					
Bosera New Strategy Flexible-configuration Hybrid Fund					
博時新策略靈活配置混合型證券投資基金	26,600	30,000	41,748	—	0.08%
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	137,965	220,643	194,374	34,077	0.37%

Name of the financial assets	Number of units held as at 31 December 2021 (‘000)	Investment cost as at 31 December 2021 (RMB‘000)	Fair value as at 31 December 2021 (RMB‘000)	Realised	Fair value to the total assets of the Group as at 31 December 2021
				investment income/(loss) for the year ended 31 December 2021 (RMB‘000)	
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）	— ¹	20,000	20,000	—	0.04%
Beijing Huilong Capital Management Co., Ltd.					
北京惠隆資本管理有限責任公司					
Huilong Quantitative Exclusive No. 3 Private Securities Investment Fund*					
惠隆量化專享三號私募證券投資基金	39,914	41,511	41,989	1,222	0.08%
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	—	—	—	3,678	—
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	—	—	—	(1,119)	—
Yinshang Huijin Hengtong Private Fund*					
銀商匯金亨通私募基金	—	—	—	2,221	—
Value Partners Limited					
Value Partners Intelligent Funds — Chinese					
Mainland Focus Fund	108	65,128	60,366	—	0.12%
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	—	—	—	4,669	—
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	—	—	—	3,201	—
High-Flyer 500 Index Enhancement Xinxiang No. 18 Private Equity Securities Investment Fund*					
幻方500指數增強欣享18號私募證券投資基金	85,543	100,000	87,228	—	0.17%

Name of the financial assets	Number of units held as at 31 December 2021 (<i>'000</i>)	Investment cost as at 31 December 2021 (<i>RMB'000</i>)	Fair value as at 31 December 2021 (<i>RMB'000</i>)	Realised	Fair value to the total assets of the Group as at 31 December 2021
				investment income/(loss) for the year ended 31 December 2021 (<i>RMB'000</i>)	
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	80,214	79,940	82,356	(60)	0.16%
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	16,532	23,753	33,250	(1,247)	0.06%
Faner Quantitative CSI Top 500 Enhanced No. 5 Private Securities Investment Fund*					
凡二量化中證500增強5號私募證券投資基金	63,396	69,425	75,289	(575)	0.14%
Beijing iVolution Capital Co., Ltd.					
北京天演資本管理有限公司					
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	29,910	2,130	0.06%
Ivolution High Section Private Securities Investment Fund*					
天演高節私募證券投資基金	35,055	36,517	34,459	6,517	0.07%
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	30,282	30,000	29,903	—	0.06%
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	19,998	20,000	20,768	—	0.04%
Others	16,376	16,597	16,097	1,597	0.03%
Guotai Junan Securities Asset Management Co., Ltd.					
上海國泰君安證券資產管理有限公司					
Guotai Junan CSI 500 Index Enhanced Securities Investment Fund*					
國泰君安中證500指數增強型證券投資基金	30,010	30,000	30,457	1,356	0.06%

Name of the financial assets	Number of units held as at 31 December 2021 (<i>'000</i>)	Investment cost as at 31 December 2021 (<i>RMB'000</i>)	Fair value as at 31 December 2021 (<i>RMB'000</i>)	Realised	Fair value to the total assets of the Group as at 31 December 2021
				investment income/(loss) for the year ended 31 December 2021 (<i>RMB'000</i>)	
Shenzhen Bishuo Asset Management Co., Ltd.*					
深圳碧燦資產管理有限公司					
Bishou ChangYuan No. 5 Private Securities Investment Fund*					
碧燦長遠五號私募證券投資基金	41,463	46,217	37,773	116	0.07%
Others	2,311	4,000	4,430	6	0.01%
Wellspring Capital					
北京清和泉資本管理有限公司					
Wellspring Value Stable Phase 7A Private Securities Investment Fund*					
清和泉價值穩健7期A私募證券投資基金	221	22,486	22,123	(420)	0.04%
Harvest Fund Management Company Limited					
嘉實基金管理有限公司					
Harvest Excellent Choice of Strategy and Flexible Configuration Combined Securities Investment Fund*					
嘉實策略優選靈活配置混合型證券投資基金	43,440	50,000	50,042	—	0.10%
China Asset Management Co., Ltd.					
華夏基金管理有限公司					
ChinaAMC PanLi One-year Fixed Term Open-end Combined Securities Investment Fund*					
華夏磐利一年定期開放混合型證券投資基金	35,589	50,000	64,786	—	0.12%
Lombarda China Fund Management Co., Ltd.					
中歐基金管理有限公司					
Lombarda China JinShang Combined Securities Investment Fund*					
中歐瑾尚混合型證券投資基金	99,998	100,000	101,058	—	0.19%
CSOP Asset Management Pte. Ltd.					
ICBC CSOP FTSE Chinese Government Bond Index ETF	—	—	—	2,140	—
Others	— ¹	93,269	95,527	1,116	0.18%
Total		<u>1,355,922</u>	<u>1,336,450</u>	<u>62,466</u>	<u>2.56%</u>

Note:

1. 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, ChiNext 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, ChiNext 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, asset-backed securities, asset-backed notes, monetary market instrument, 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, stocks within the scope of the Stock Connect for Southbound Trading, depositary 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, interbank certificates of deposit, margin trading and short selling, refinancing securities lending, 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.

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).

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), 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) and High-Flyer 500 Index Enhancement Xinxiang No. 18 Private Equity Securities Investment Fund* (幻方500指數增強欣享18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, 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 ChiNext, and including new share subscriptions), margin trading and short selling and transactions under the Stock Connect for Southbound Trading transactions; 2. debt: exchange-traded bonds, interbank bonds, bond reverse repurchases, asset-backed securities, asset-backed notes and bank deposits; 3. commodities and financial derivatives: depositary 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.

Faner Quantitative CSI Top 500 Enhanced No. 5 Private Securities Investment Fund* (凡二量化中證500增強5號私募證券投資基金) constructs an investment portfolio based on in-depth research. It seeks to achieve long-term and stable investment returns under the premise of strict control of investment risks. The fund invests in varieties listed and traded on the Shanghai and Shenzhen Stock Exchanges (being stocks, depositary receipts, preferred stocks and warrants), bonds, securities repurchases, deposits, public-offered securities investment funds, futures, exchange-traded options, standardised notes traded in the interbank bond market, asset-backed securities and asset-backed notes issued between exchanges or banks (but excluding subordinated), income certificates of securities companies, income swaps and over-the-counter options (subject to regulatory permission, and the counterparties are limited to securities companies and their subsidiaries and subsidiaries of futures companies). The fund may participate in financing notes transactions, Stock Connect for Southbound Trading transactions and IPO subscriptions, and may also lend its security holdings to securities finance companies as underlying securities for financing. The fund may invest in asset management plans of securities companies, asset management plans and entrust plan of futures companies, asset management plans of fund companies, asset management plans

of insurance companies, bank wealth management products, private securities registered in the Asset Management Association, and contractual private investment funds issued by investment fund managers and managed by institutions qualified to custody securities investment fund or provided with comprehensive private fund services by institutions with relevant qualifications. The fund may not invest in the subordinated shares of the above-mentioned products. The fund is subject to the following investment ratio and investment restrictions: 1. the fund's total investment in exchange-traded bonds (excluding government bonds and central bank notes), asset-backed securities and asset-backed notes shall not, by cost, exceed 20% of the fund's total assets; 2. the fund's investment in depositary receipts listed on the Shanghai and Shenzhen stock exchanges shall, by market value, account for 0% to 100% of the fund's total asset value; and 3. the fund's investment portfolio shall comply with the regulations of relevant laws and regulations or regulatory authorities on investment ratio restrictions.

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

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.

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, depositary 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, 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, 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, Stock Connect for Southbound Trading transactions 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, asset management schemes of fund managers, asset management schemes of futures companies, asset management schemes of 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, 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.

Guotai Junan Securities Asset Management Co., Ltd. (上海國泰君安證券資產管理有限公司)

Guotai Junan CSI 500 Index Enhanced Securities Investment Fund* (國泰君安中證500指數增強型證券投資基金) is an enhanced equity index fund. With a quantitative investment approach and strict investment discipline, it seeks to control the absolute daily tracking deviation between the growth rate of the fund's net value and the performance benchmark by no more than 0.5% and the annualised tracking error by no more than 7.75%, while striving to achieve outperformance of the underlying index and pursues long-term appreciation of the fund's assets. The fund invests in financial instruments with high liquidity, including constituent securities (including depositary receipts) of the underlying index, alternate constituent securities (including depositary receipts), other domestic stocks and depositary receipts issued and listed in accordance with laws (including the Main Board, ChiNext and other stocks and depositary receipts the fund is allowed to invest by the CSRC), bonds (including national debts, central bank notes, financial bonds, corporate bonds, debentures, convertible bonds (including convertible bonds with attached warrants), exchangeable bonds, subordinated bonds, short-term financing bonds, ultra-short-term financing bonds, government-backed agency bonds, government-supported bonds, medium-term notes, etc.), bond repurchases, interbank certificates of deposit, bank deposits, money market instruments, asset-backed securities, stock index futures, national debts futures and other financial instruments permitted for fund investment by laws and regulations or the CSRC (subject to the relevant regulations of the CSRC). The fund may participate in financing and refinancing securities borrowing. The fund's investment portfolio shall have the following proportions: the fund invests not less than 80% of its assets in equities and depositary receipts, and not less than 80% of its non-cash assets in CSI 500 Index constituent securities and their alternate constituent securities.

*Shenzhen Bishuo Asset Management Co., Ltd.** (深圳碧燦資產管理有限公司)

Shenzhen Bishuo ChangYuan No. 5 Private Securities Investment Fund* (碧燦長遠五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 risks. The fund's investment scope includes: 1. domestic legally issued and listed stocks, shares listed and traded in the 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, asset-backed securities, asset-backed notes, monetary market instrument, bond pledged repurchases, repurchase and reverse repurchase agreements, margin trading and short selling, refinancing, futures, exchange-traded options, over-the-counter options, warrants, 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; 2. private financial products: trust schemes, asset management schemes of securities companies, asset management schemes of fund

managers, asset management schemes of insurance companies, asset management schemes of futures companies, private equity investment funds issued by private fund management institutions and managed by custodians. The fund's assets investment portfolio should follow restrictions of: 1. the fund's investment in single money market fund shall not, by market value, exceed 100% of its total assets; 2. the fund's total assets shall not exceed 200% of its net asset; 3. Total NEEQ shares hold by the fund shall not exceed 20% of its net asset; 4. Cannot invest in those prohibited or restricted by the laws and regulations or the CSRC.

Wellspring Capital (北京清和泉資本管理有限公司)

Wellspring Value Stable Phase 7A Private Securities Investment Fund* (清和泉價值穩健7期A私募證券投資基金) constructs an investment portfolio based on in-depth research, and seeks to achieve long-term and stable investment returns under the premise of strict control of investment risks. The fund's investment scope includes cash, bank deposits, bank wealth management products and money market funds. The portfolio of the fund's investment assets shall be subject to the following restrictions: 1. The fund shall not invest in subordinated/inferior shares of structured financial products (inclusive of asset securitisation products); 2. the fund's total assets value shall not exceed 200% of its net asset value; 3. the fund shall not invest in private equity funds that are not entrusted by an institution qualified to custody securities investment fund.

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

Harvest Excellent Choice of Strategy and Flexible Configuration Combined Securities Investment Fund* (嘉實策略優選靈活配置混合型證券投資基金) strives to achieve long-term stable appreciation of the fund's assets under the premise of strict control of investment risks through proactive allocation. The fund invests in legally issued and listed financial instruments such as stocks and bonds as well as other financial instruments approved by laws and regulations or the CSRC for fund investment, In particular, they include: stocks, stock index futures, warrants, bonds, fixed income assets such as asset-backed securities, bond repurchases, large-denomination certificates of deposit and bank deposits, as well as cash and other financial instruments approved by laws and regulations or the CSRC for fund investment (but must comply with the CSRC's relevant regulations). The fund's investment portfolio shall have the following proportions: equity assets contributing 0%–95% of the fund assets; cash held in the fund or government bonds with a maturity of less than 1 year shall not be less than 5% of the fund's net assets after deducting the trading deposits required to be paid for stock index futures contracts, and such cash does not include settlement reserves, deposits with stock and futures exchanges and subscription monies receivables, etc. The investment proportion of stock index futures, warrants and other financial instruments complies with the requirements of laws and regulations and regulatory authorities.

China Asset Management Co., Ltd. (華夏基金管理有限公司)

ChinaAMC PanLi One-year Fixed Term Open-end Combined Securities Investment Fund* (華夏磐利一年定期開放混合型證券投資基金) strives to achieve long-term stable appreciation of the fund's assets under the premise of strict control of investment risks. The fund's investment scope includes financial instruments with good liquidity, including domestic legally issued and listed shares, bonds, money market instruments (including interbank certificates of deposit), asset-backed securities and other financial instruments approved by laws and regulations or the CSRC for investment (but must comply with the CSRC's relevant regulations). The fund's investment portfolio shall have the following proportions: stock assets contributing 50%-95% of the fund's assets (not subject to this proportion from 1 month before the beginning of the open period to 1 month after the end of the open period).

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

Based on a scientific and rigorous framework for major asset allocation, Lombarda China JinShang Combined Securities Investment Fund* (中歐瑾尚混合型證券投資基金) seeks long-term stable appreciation of net assets by capturing investment opportunities in bond and equity markets with the premise of portfolio risk control. The fund invests in financial instruments with good liquidity, including domestic legally issued and listed stocks, eligible securities of the Stock Connect for Southbound Trading, bonds, asset-backed securities, bond repurchases, bank deposits, interbank certificates of deposit, cash, derivatives (including national debt futures, stock index futures, stock options), credit derivatives (excluding contractual credit derivatives), and other financial instruments approved by laws and regulations or the CSRC for fund investment (but must comply with the CSRC's relevant regulations). The fund may participate in financing business. The fund's investment portfolio shall have the following proportions: 0%-40% of the fund's assets are invested in equities in the fund's investment portfolio; the proportion of investment in the eligible securities of the Stock Connect for Southbound Trading shall not exceed 50% of all equity assets; at the end of each trading day, the investment proportion of cash (excluding settlement reserves, deposits with stock and futures exchanges and subscription monies receivables, etc.) or government bonds with a maturity of less than one year in aggregate shall not be less than 5% of the fund's net assets after deducting the trading deposits required to be paid for stock index futures, national debt futures and stock options contracts. The proportion of the fund's investment in interbank certificates of deposit shall not exceed 20% of the fund's assets. The proportion of the fund's investment in convertible bonds (including bonds with detachable warrants) and exchangeable bonds shall not exceed 20% of the fund's assets.

CSOP Asset Management Pte. Ltd.

ICBC CSOP FTSE Chinese Government Bond Index ETF (the “**Sub-Fund**”) is a sub-fund under CSOP Investments VCC. The Sub-Fund is an exchange traded fund listed on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and the shares of this Sub-Fund are classified as Excluded Investment Products and Prescribed Capital Markets Products in Singapore. The investment objective of the Sub-Fund is to replicate as closely as possible, before fees and expenses, the performance of the FTSE Chinese Government Bond Index. The manager will adopt a representative sampling strategy by investing in the China Interbank Bond Market (the “**CIBM**”) via the Foreign Access Regime.

Listed Equity Interests

Name of the financial assets	Number of units held as at 31 December 2021 (‘000)	Investment cost as at 31 December 2021 (RMB‘000)	Fair value as at 31 December 2021 (RMB‘000)	Realised investment income/(loss) for the year ended 31 December 2021 (RMB‘000)	Fair value to the total assets of the Group as at 31 December 2021
China Risun Group Limited	approximately 95.08 million shares	164,263	367,690	21,439	0.71%
Vanho Securities Co., Ltd. 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	10,253	28,874	52,391	1,361	0.10%
Others	—	—	—	2,373	—
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	1,439	39,967	39,261	(5,358)	0.08%
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	1,125	35,422	34,606	(2,051)	0.07%
China Asset Management Co., Ltd. 華夏基金管理有限公司					
ChinaAMC Future XinShi SiXiang No. 2 Private Securities Investment Fund* 華夏未來鑫時私享2號私募證券投資基金	3,317	39,197	39,654	(325)	0.08%
Others¹	3,599	84,220	84,922	1,411	0.16%
Total		<u>391,943</u>	<u>618,524</u>	<u>18,850</u>	<u>1.19%</u>

Note:

1. 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 year ended 31 December 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 31 December 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 year ended 31 December 2021, there was dividend income of approximately RMB21.4 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 the year ended 31 December 2020 and 31 December 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 31 December 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. During the year ended 31 December 2021, there was dividend income of approximately RMB1.1 million received from Valin Steel, which is classified as realised investment income.

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. During the year ended 31 December 2021, there was dividend income of approximately RMB0.3 million received from these PRC A-share listed companies, which is classified as realised investment income.

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. The investment 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.

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; (2) bonds; (3) publicly offered funds (close-end funds, open-end funds, stock funds, bond funds, money market funds and hybrid funds); (4) repurchases; (5) futures (commodity futures, stock index futures and interest rate futures); (6) options; (7) asset management products (bank wealth management products, trust plans, asset management products of securities companies, asset management products of fund managers, asset management products of futures companies, asset management products of insurance companies, 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).

China Asset Management Co., Ltd. (華夏基金管理有限公司)

ChinaAMC Future XinShi SiXiang No. 2 Private Securities Investment Fund* (華夏未來鑫時私享2號私募證券投資基金) constructs an investment portfolio based on in-depth research. It seeks to achieve stable and long-term investment returns under the premise of strict control of investment risks. The fund invests in stocks issued and listed on the Shanghai and Shenzhen Stock Exchanges, stocks of companies listed on the selected tier under the NEEQ, stocks within the underlying scope of Stock Connect for Southbound Trading, depositary receipts issued and listed on the Shanghai and Shenzhen Stock Exchanges, preference stocks issued and traded on the Shanghai and Shenzhen Stock Exchanges, bonds issued and traded on the Shanghai and Shenzhen Stock Exchanges or in the interbank market, asset-backed securities issued and traded on the Shanghai and Shenzhen Stock Exchanges or in the interbank market, asset-backed notes issued and traded in the interbank market, income certificates of securities companies, bond reverse repurchases, cash, bank deposits, interbank certificates of deposit, financing bill transactions, securities lending through transfer facilities (i.e. the fund lends its holding of securities to securities finance companies as the underlying securities for financing), futures listed on the Shanghai and Shenzhen Stock Exchanges and Futures Exchange, options listed on the Shanghai and Shenzhen Stock Exchanges and Futures Exchange, contractual products listed on the Shanghai Gold Exchange, over-the-counter derivatives (including but not limited to income swaps and over-the-counter options) in the securities and futures market with only securities companies/futures companies/banks and their subsidiaries as counterparties, public-offered fund and bank wealth management products. The fund's investment portfolio shall be subject to the following restrictions: 1. the fund shall not invest in subordinated/inferior shares of structured financial products (inclusive of asset securitisation products); 2. the fund's total asset value shall not contribute for more than 200% of the fund's net asset value; 3. the fund's total holdings of depositary receipts shall not, by market value, exceed 100% of the fund's net asset value; 4. the fund shall not participate in the subscription of non-public shares of companies listed on the Shanghai and Shenzhen Stock Exchanges; 5. The fund shall not invest in shares of ST, *ST, S, SST, S*ST; 6. the fund's holdings of a single tranche of shares, at cost, shall not exceed 20% of the fund's net asset value; 7. The fund's total investment in the shares of companies listed on the selected tier under the NEEQ shall, by market value, account for 0%–100% of the fund's total asset value.

Bond Market Funds

Name of the financial assets	Number of units held as at 31 December 2021 ('000)	Investment cost as at 31 December 2021 (RMB'000)	Fair value as at 31 December 2021 (RMB'000)	Realised investment income/(loss) for the year ended 31 December 2021 (RMB'000)	Fair value to the total assets of the Group as at 31 December 2021
Invesco Hong Kong Limited					
Invesco Global Investment Grade Corporate Bond Fund	—	—	—	624	—
SPDB International Investment Management Limited and SPDB International Securities Limited					
Pu Yin Hong Kong Multipurpose Fund	—	—	—	(9,529)	—
Prudence Investment Management (Hong Kong) Limited					
Prudence Enhanced Income Fund	25	137,934	144,163	—	0.28%
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	—	—	—	3,187	—
China Universal XinRui Bond Securities Investment Fund*					
匯添富鑫瑞債券型證券投資基金	57,669	60,000	60,737	—	0.12%
China Universal ShuangLi Bond Securities Investment Fund*					
匯添富雙利債券型證券投資基金	73,934	152,978	153,857	—	0.30%
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	44,809	49,299	45,391	5,110	0.09%
ChinaAMC Bond Investment Fund*					
華夏債券投資基金	75,328	100,000	99,357	—	0.19%
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	77,250	100,000	95,705	8,111	0.18%
Da Cheng Jingyou Medium-Short Term Debts Bond Type Securities Investment Fund*					
大成景優中短債債券型證券投資基金	—	—	—	897	—
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	91,675	100,000	93,948	3,483	0.18%
Lombarda China FengLi Bond Securities Investment Fund*					
中歐豐利債券型證券投資基金	49,999	50,000	49,904	—	0.10%

Name of the financial assets	Number of units held as at 31 December 2021 ('000)	Investment cost as at 31 December 2021 (RMB'000)	Fair value as at 31 December 2021 (RMB'000)	Realised	Fair value
				investment income/(loss) for the year ended 31 December 2021 (RMB'000)	to the total assets of the Group as at 31 December 2021
E Fund Management (HK) Co., Ltd. & E Fund Management Co., Ltd.					
E Fund (HK) Select Bond Fund	—	—	—	(2,044)	—
E Fund (HK) Asia High Yield Bond Fund (formerly known as “E Fund (HK) Select Asia High Yield Bond Fund”)	438	31,962	30,849	30	0.06%
E Fund YuFeng Return Bond Securities Investment Fund* 易方達裕豐回報債券型證券投資基金	23,116	50,000	39,805	10,795	0.08%
BOCHK Asset Management Limited					
BOCHK All Weather Short Term Bond Fund	—	—	—	(6,270)	—
Harvest Fund Management Company Limited 嘉實基金管理有限公司					
Harvest Stable Gain Bond Securities Investment Fund* 嘉實穩固收益債券型證券投資基金	86,660	100,000	100,567	765	0.19%
China Southern Asset Management Company Limited 南方基金管理股份有限公司					
China Southern BaoYuan Bond Fund* 南方寶元債券型基金	38,947	100,000	101,434	—	0.19%
Total		<u>1,032,173</u>	<u>1,015,717</u>	<u>15,159</u>	<u>1.95%</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 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, asset-backed securities, bond repurchases, interbank deposits, bank deposits, 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.

China Universal XinRui Bond Securities Investment Fund* (匯添富鑫瑞債券型證券投資基金) strives to generate higher than performance benchmark returns with the premise of scientific and strict risk management. The fund invests in financial instruments with good liquidity, including fixed income products such as national debts, financial bonds, government supported bonds, government supported institution bonds, local government bonds, corporate bonds, debentures, central bank notes, medium-term notes, short-term financing bonds, ultra short-term financing bonds, asset-backed securities, subordinated bonds, private placement bonds for small to medium enterprises, convertible bonds, exchangeable debentures, bonds with detachable warrants, bond repurchases, interbank certificates of deposit, money market instruments and bank deposits, as well as national debt futures and other financial instruments approved by laws and regulations or the CSRC for fund investment (but must comply with the CSRC's relevant regulations). The fund does not invest in stocks or warrants and does not directly purchase convertible bonds and exchangeable debentures from the secondary market, but may participate in the subscription of convertible bonds and exchangeable debentures in the primary market and sell them within 10 trading days after they are listed and traded. Warrants from investment in bonds with detachable warrants shall be sold within 10 trading days after they become available for listing and trading. The investment proportions of each type of assets in the fund are as follows: the proportion of the fund's investment in bond assets shall not be less than 80% of the fund's assets; at the end of each trading day, the cash or government bonds with a maturity of less than 1 year held in the fund shall not be less than 5% of the fund's net assets after deducting the trading deposits required to be paid for national debt futures contracts. The cash held in the fund does not include settlement reserves, deposits with stock and futures exchanges and subscription monies receivables, etc..

China Universal ShuangLi Bond Securities Investment Fund* (匯添富雙利債券型證券投資基金) invests mainly in fixed income bond products, and seeks long-term stable asset appreciation for the fund unit holders on the basis of strict investment risk management and maintaining asset liquidity. Based on macro analysis and credit analysis, the fund seeks to construct a portfolio comprising primarily high-quality fixed income bond assets according to the characteristics of different stages of economic development, and continuously optimises it in order to achieve long-term stable and higher than performance benchmark returns through exploration. The fund invests mainly in fixed income financial instruments such as domestic legally issued and listed national debts, central bank notes, financial bonds, corporate bonds, debentures, convertible bonds, bonds with detachable warrants, bond repurchases, short-term financing bonds, asset-backed securities and other fixed income financial instruments approved by laws and regulations or the CSRC for investment. More than 80% of the fund's assets are invested in fixed income financial instruments, where the investment proportion of non-national credit bonds such as debentures, corporate bonds, convertible bonds, financial bonds, asset-backed securities and short-term financing bonds held in the fund shall not be less than 30% of such fixed income assets. The fund may also invest in the subscription of new shares in the primary market, hold assets such as shares issued from the conversion of convertible bonds, invest in stocks in the secondary market, depositary receipts and other financial instruments such as warrants approved by the CSRC for fund investment, but the total investment proportion of the above non-fixed income financial instruments shall not exceed 20% of the fund's assets. The cash or government bonds with a maturity of less than 1 year held in the fund shall not be less than 5% of the fund's net assets. The market value of all warrants held in the fund shall not exceed 3% of the fund's net assets. The cash held in the fund does not include settlement reserves, deposits with stock and futures exchanges and subscription monies receivables, etc..

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 notes, 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.

ChinaAMC Bond Investment Fund* (華夏債券投資基金) is a high credit rating bond fund with an investment objective of pursuing higher current income and total return with the premise of emphasising the security of the principal amount. The fund invests mainly in fixed-income financial instruments, including domestic legally issued and listed bonds such as national debts, central bank notes, financial bonds, corporate bonds (debentures) (including convertible bonds), asset-backed securities and other financial instruments approved by the CSRC for fund investment. The fund may also participate in the subscription of new shares in the primary market and hold assets such as shares and share distributions from the conversion of convertible bonds or warrants from bonds with detachable warrants, but the total investment proportion of non-fixed income financial instruments shall not exceed 20% of the fund's assets. Assets such as stocks and warrants held for the above reasons in the fund will be sold within 60 trading days from the date they become tradable. The fund does not purchase shares or warrants through the secondary market.

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, 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.

Lombarda China FengLi Bond Securities Investment Fund* (中歐豐利債券型證券投資基金) strives to achieve higher than performance benchmark investment returns for the fund unit holders with the premise of strict portfolio risk control. The fund invests in financial instruments with good liquidity, including domestic legally issued and listed stocks (including ChiNext, other stocks approved to be issued and listed by the CSRC and depositary receipts), eligible securities of the Stock Connect for Southbound Trading, bonds, asset-backed securities, bond repurchases, bank deposits, interbank certificates of deposit, cash, national debt futures, credit derivatives (excluding contractual credit derivatives), and other financial instruments approved by laws and regulations or the CSRC for fund investment (but must comply with the CSRC's relevant regulations). The proportion of investment of the fund in bond assets shall not be less than 80% of the fund's assets; the proportion of investment in equities shall not be exceed 20% of the fund's assets; the proportion of investment in the eligible securities

of the Stock Connect for Southbound Trading shall not exceed 50% of equity assets; at the end of each trading day, cash (excluding settlement reserves, deposits with stock and futures exchanges and subscription monies receivables, etc.) or government bonds with a maturity of less than 1 year in aggregate shall not be less than 5% of the fund's net assets after deducting the trading deposits required to be paid for national debt futures contracts.

E Fund Management (HK) Co., Ltd. & E Fund Management 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) Asia High Yield Bond Fund (formerly known as “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.

E Fund YuFeng Return Bond Securities Investment Fund* (易方達裕豐回報債券型證券投資基金) invests mainly in bond assets and strictly manages the proportion of investments in equity products, striving to achieve long-term stable appreciation of the fund's assets on the basis of controlling fluctuations in the fund's net assets. The fund's investment scope covers financial instruments with good liquidity, including bond assets such as national debts, central bank notes, local government bonds, financial bonds, corporate debts, short-term financing bonds, medium-term notes, debentures, convertible bonds (including bonds with detachable warrants), asset-backed securities, bond repurchases, bank deposits, stocks, equity products such as warrants and other financial instruments approved by laws and regulations or regulatory authorities for fund investment in the future (but must comply with the CSRC's relevant regulations). If the fund is allowed to invest in other products by laws and regulations or regulatory authorities in the future, they may be included in the fund's investment scope. The investment proportions of each type of the assets in the fund are as follows: the fund invests not less than 80% of the fund's assets in bond assets; not more than 20% of the fund's assets in equity assets; the cash and government bonds with a maturity of less than 1 year in aggregate shall not be less than 5% of the fund's net assets. The cash does not include settlement reserves, deposits with stock and futures exchanges and subscription monies receivables, etc..

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)).

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

Harvest Stable Gain Bond Securities Investment Fund* (嘉實穩固收益債券型證券投資基金) strives to achieve a consistent and stable return which is above that of the deposit rate while maintaining the safety of the principal and effective risk control. The fund invests in legally issued and listed financial instruments such as bonds and stocks as well as other financial instruments approved by laws and regulations or the CSRC for fund investment, including fixed income securities products such as national debts, financial bonds, corporate bonds (debentures), subordinated bonds, convertible bonds (including bonds with detachable warrants), asset-backed securities, central bank bills, short-term financing bonds, bond repurchases and bank deposits. The fund may also invest in legally issued or listed stocks, warrants and other financial instruments approved by laws and regulations or the CSRC for fund investment. The asset allocation of the fund's investment portfolio is as follows: the investment proportion of bond assets shall not be less than 80% of the fund's assets, the investment proportion of equity assets shall not exceed 20% of the fund's assets, cash held in the fund or government bonds with a maturity of less than 1 year shall not be less than 5% of the fund's net assets and such cash does not include settlement reserves, deposits with stock and futures exchanges and subscription monies receivables, etc..

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

China Southern BaoYuan Bond Fund* (南方寶元債券型基金) is an open-ended bond fund, which focuses on bond investment and is supplemented by equity investment to ensure the safety of the fund and pursue long-term stable asset appreciation with the premise of maintaining a low-risk investment portfolio and satisfying liquidity. The fund's investment scope covers financial instruments with good liquidity, including domestic legally and publicly issued bonds, stocks (including depositary receipts (the same below)) of various types and other financial instruments approved by the CSRC. As a bond fund, the fund invests mainly in various types of bonds, including national debts, financial bonds, corporate debts and convertible bonds. The minimum percentage of bond investment in the asset portfolio is 45% and the maximum percentage is 95%; the percentage of equity investment (including depositary receipts) in the asset portfolio is not more than 35%.

Investment Strategy and Future Prospects

The Group's investments in financial assets at fair value through profit or loss have been conducted on the premises that such investments would not affect the working capital of the Group or the daily operation of the Group's principal business. Such investments are conducive to improving the capital usage efficiency and generating investment returns from the Group's temporarily idle funds. Giving top priority to prevention of excessive risk, the Company implemented control and made prudent decisions in respect of such investments on the principle of protecting the interests of its shareholders as a whole and the Company. On one hand, the Company is able to generate a relatively higher return from such investments than fixed-term bank deposits, while at the same time the Company is still able to retain flexibility in redeeming the investments whenever it foresees there is a cash need.

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

ACCREDITATION FOR THE COMPANY AND ITS MANAGEMENT

During the year ended 31 December 2021, the Company was ranked the 278th in the Top 2021 Fortune China 500 companies. 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. Besides, in January 2022, Jinxi Limited was certified as an enterprise with A grade in the environmental performance by the Department of Ecology and Environment of Hebei Province.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had a workforce of approximately 9,200 and temporary staff of approximately 200. The staff cost included basic salaries and benefits. Staff benefits included discretionary bonus, medical insurance plans, pension scheme, unemployment insurance plan, maternity insurance plan and the fair value of the share options, etc.. Effective from April 2021, the Group implemented a workers' injury insurance scheme and contributed 2.09% of the workers' wages to the Social Insurance Bureau. According to the Group's remuneration policy, employees' package is based on productivity and/or sales performance, and is consistent with the Group's quality control and cost control targets.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 Corporate Governance Code (the “**CG Code**”) in Appendix 14 (as in force as at 31 December 2021) to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout the year ended 31 December 2021, save for the following deviations:

Under code provision A.2.1 of the CG Code, the role 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 the Chairman of the Board 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 of the Board 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, amongst other things, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Article 86(2) of the Bye-laws of the Company (the “**Bye-laws**”) provides that, amongst other things, any Directors being appointed to fill a casual vacancy on the Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. In light of the Bye-laws, any Director so appointed as aforesaid shall hold office until the next annual general meeting. This constitutes as a deviation from code provision A.4.2 of the CG Code. Given the time between filling a casual vacancy and the next general meeting was generally too short to require a re-election, therefore the Company adopts the re-election to take place at the next annual general meeting instead. The Company believes that it is in the best interest of the Company's shareholders to transact this ordinary course of business in the annual general meeting.

Under code provision C.2.5 of the CG Code and the related notes of the CG Code, the Company should have an internal audit function which generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the Group’s risk management and internal control systems. While the PRC internal audit function of the Company was established since January 2018, other internal audit function is merged with the finance function during the year ended 31 December 2021. During the year, the Group conducted a review on the need for setting up an independent internal audit department. Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the management could provide sufficient internal control and risk management for the Group. The audit committee of the Board and the Board regularly review the effectiveness of the internal control 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 year ended 31 December 2021.

AUDIT COMMITTEE

During the year ended 31 December 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 consolidated financial statements for the year ended 31 December 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 consolidated financial statements 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 annual report of the Company.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Wednesday, 8 June 2022. For the details, please refer to the notice of the AGM which will be published and dispatched to the shareholders of the Company as soon as practicable in accordance with the Bye-laws and the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

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

The register of members of the Company will be closed from Thursday, 2 June 2022 to Wednesday, 8 June 2022 (both days inclusive), during which period no transfer of shares of the Company may be registered, for the purposes of ascertaining shareholders' entitlement to attend and vote at the forthcoming AGM. In order to be eligible to attend and vote at the forthcoming AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 1 June 2022.

(b) For determining the entitlement to the final and special dividends

The register of members of the Company will be closed from Wednesday, 15 June 2022 to Friday, 17 June 2022 (both days inclusive), during which period no transfer of shares of the Company may be registered, for the purposes of ascertaining shareholders' entitlement for the proposed final and special dividends. The record date for the proposed final and special dividends shall be Friday, 17 June 2022. In order to qualify for the proposed final 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 June 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT FOR 2021

The annual results announcement of the Company for the year ended 31 December 2021 is published on both the websites of the Company (www.chinaorientalgroup.com) and the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 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 extend its heartfelt gratitude to all of its staff for their hard work and dedication to the Group, and to its shareholders for their continuous support and trust in the Company.

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

Hong Kong, 29 March 2022

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.