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

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2022	2021	Changes
Sales volume (<i>tonnes</i>)			
– Self-manufactured steel products	3.32 million	3.87 million	(14.2%)
– Trading of steel products	0.21 million	0.14 million	50.0%
	3.53 million	4.01 million	(12.0%)
Revenue (<i>RMB</i>)			
– Sales of self-manufactured steel products	14.64 billion	17.25 billion	(15.1%)
– Sales of power equipment	1.50 billion	0.18 billion	728.0%
– Real estate	0.03 billion	0.03 billion	19.5%
– Trading of steel products, iron ore and related raw materials and others	8.83 billion	7.52 billion	17.4%
	25.00 billion	24.98 billion	0.1%
Gross profit (<i>RMB</i>)			
– Sales of self-manufactured steel products	1,354 million	1,960 million	(30.9%)
– Sales of power equipment	140 million	28 million	400.0%
– Real estate	29 million	8 million	262.5%
– Trading of steel products, iron ore and related raw materials and others	253 million	98 million	158.2%
	1,776 million	2,094 million	(15.2%)
Gross profit per tonne (<i>RMB</i>)			
– Sales of self-manufactured steel products	407	506	(19.6%)

* For identification purposes only

	For the six months ended 30 June		Changes
	2022	2021	
EBITDA ¹ (RMB)	2,273 million	2,641 million	(13.9%)
EBITDA ¹ margin	9.1%	10.6%	N/A
EBIT ² (RMB)	1,659 million	2,124 million	(21.9%)
EBIT ² margin	6.6%	8.5%	N/A
Profit before income tax (RMB)	1,490 million	2,037 million	(26.8%)
Profit for the period (RMB)	1,230 million	1,616 million	(23.9%)
Profit for the period attributable to owners of the Company (RMB)	1,199 million	1,571 million	(23.7%)
Basic earnings per share (RMB)	0.32	0.42	(23.8%)
Interim dividend per share (HK\$)	0.07	0.10	(30.0%)
Special dividend per share (HK\$)	–	0.05	(100.0%)
Return on equity ³	5.2%	7.3%	N/A
	As at		
	30 June	31 December	
	2022	2021	Changes
Total assets (RMB)	55.63 billion	52.12 billion	6.7%
Net assets value per share (exclude non-controlling interests) (RMB)	6.31	6.06	4.1%
Debt-to-capital ratio ⁴	69.3%	56.7%	N/A

¹ China Oriental Group Company Limited (the “Company”) defines EBITDA as profit for the period before finance costs — net, income tax expense, amortisation, depreciation and non-cash non-recurring items. During the six months ended 30 June 2022, there were no adjustments of non-cash non-recurring items in the calculation (2021 corresponding period: nil).

² The Company defines EBIT as profit for the period before finance costs — net, income tax expense and non-cash non-recurring items. During the six months ended 30 June 2022, there were no adjustments of non-cash non-recurring items in the calculation (2021 corresponding period: nil).

³ Return on equity is calculated as profit attributable to owners of the Company divided by the average of the beginning and ending balances of the equity attributable to owners of the Company for that period.

⁴ Debt-to-capital ratio is calculated as total debt divided by total capital. Total debt includes current and non-current borrowings, lease liabilities and loans from related parties. Total capital includes non-current borrowings, non-current lease liabilities and equity attributable to owners of the Company.

The board (the “**Board**”) of directors (the “**Director(s)**”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2022 (the “**Period**”) together with the comparative figures for the corresponding period in 2021.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
		2022	2021
	<i>Note</i>	RMB'000	RMB'000
		Unaudited	
Revenue	4	24,998,775	24,984,869
Cost of sales		(23,222,470)	(22,890,893)
		<hr/>	<hr/>
Gross profit		1,776,305	2,093,976
Distribution costs		(53,501)	(82,206)
Administrative expenses		(439,721)	(263,986)
Research and development expenses		(156,171)	(63,113)
(Provision for)/reversal of impairment on financial assets, net		(40,624)	437
Other expenses		(20,310)	(25,979)
Gains from derivative financial instruments	6	10,594	89,448
Other income	6	105,567	122,571
Other gains – net	6	478,680	251,995
		<hr/>	<hr/>
Operating profit	6	1,660,819	2,123,143
Finance income	7	115,880	90,416
Finance costs	7	(284,780)	(177,240)
Share of results of associates and a joint venture		(1,822)	651
		<hr/>	<hr/>
Profit before income tax		1,490,097	2,036,970
Income tax expense	8	(260,077)	(420,704)
		<hr/>	<hr/>
Profit for the period		1,230,020	1,616,266
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INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

		Six months ended 30 June	
		2022	2021
	<i>Note</i>	RMB'000	RMB'000
		Unaudited	
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Fair value losses on debt investments at fair value through other comprehensive income		–	(1,024)
<i>Item reclassified to profit or loss</i>			
Transfer of fair value losses previously credited to reserve to statement of profit or loss upon disposal of debt investments at fair value through other comprehensive income		<u>23,291</u>	<u>1,852</u>
Total comprehensive income for the period		<u>1,253,311</u>	<u>1,617,094</u>
Profit for the period attributable to:			
– Owners of the Company		1,199,141	1,570,956
– Non-controlling interests		30,879	45,310
		<u>1,230,020</u>	<u>1,616,266</u>
Total comprehensive income attributable to:			
– Owners of the Company		1,222,432	1,571,784
– Non-controlling interests		30,879	45,310
		<u>1,253,311</u>	<u>1,617,094</u>
Earnings per share for profit attributable to owners of the Company for the period <i>(express in RMB per share)</i>			
– Basic	9	<u>0.32</u>	<u>0.42</u>
– Diluted	9	<u>0.32</u>	<u>0.42</u>

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
ASSETS			
Non-current assets			
Property, plant and equipment	11	14,452,962	13,173,153
Right-of-use assets		506,184	384,510
Investment properties	11	195,468	100,346
Intangible assets	11	1,800,592	263,811
Investment in associates and a joint venture		125,446	1,650,512
Financial assets at fair value through other comprehensive income		325,000	325,000
Financial assets at fair value through profit or loss	16	478,149	388,687
Amounts due from related parties		10,000	10,000
Prepayments, deposits and other receivables	15	492,815	992,349
Long-term bank deposits		2,390,000	3,100,000
Loan receivables	17	338,547	612,347
Deferred income tax assets		453,211	365,646
Total non-current assets		21,568,374	21,366,361
Current assets			
Financial assets at fair value through other comprehensive income		–	14,643
Properties under development and held for sale	12	723,647	603,613
Inventories	13	6,936,397	4,835,588
Trade receivables	14	2,639,460	1,601,204
Contract assets	14	623,874	91,966
Prepayments, deposits and other receivables	15	4,013,684	4,137,715
Financial assets at fair value through profit or loss	16	5,985,637	6,058,175
Amounts due from related parties		82,509	161,684
Prepaid current income tax		45,781	59,408
Loan receivables	17	1,242,204	1,061,089
Notes receivable	18	661,994	1,322,022
Derivative financial instruments		18,644	–
Long-term bank deposits due within one year		1,700,000	–
Restricted bank balances		2,506,921	2,604,748
Cash and cash equivalents		5,768,453	4,626,779
Structured bank deposits	19	1,110,000	800,000
		34,059,205	27,978,634
Assets classified as held for sale		–	2,774,183
Total current assets		34,059,205	30,752,817
Total assets		55,627,579	52,119,178

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (continued)

		As at 30 June 2022 RMB'000 Unaudited	As at 31 December 2021 RMB'000 Audited
EQUITY			
Equity attributable to owners of the Company			
Share capital		380,628	380,628
Share premium		3,532,234	3,532,234
Other reserves		1,883,108	1,859,817
Retained earnings		17,692,654	16,778,045
		<u>23,488,624</u>	<u>22,550,724</u>
Non-controlling interests		<u>2,330,023</u>	<u>564,134</u>
Total equity		<u>25,818,647</u>	<u>23,114,858</u>
LIABILITIES			
Non-current liabilities			
Borrowings	20	1,670,430	2,291,000
Lease liabilities		84,733	74,507
Other long-term payables		53,976	–
Deferred revenue		43,378	49,727
Deferred income tax liabilities		249,012	30,812
		<u>2,101,529</u>	<u>2,446,046</u>
Total non-current liabilities		<u>2,101,529</u>	<u>2,446,046</u>
Current liabilities			
Trade payables	21	5,306,388	6,902,573
Accruals and other current liabilities		3,587,623	3,130,914
Contract liabilities		2,156,779	1,908,615
Deposits received for disposal of a subsidiary		–	2,450,000
Amounts due to related parties		56,989	79,987
Current income tax liabilities		580,478	356,065
Lease liabilities		17,436	8,414
Derivative financial instruments		5,144	10,536
Borrowings	20	15,688,864	11,689,311
Dividends payable		307,702	21,859
		<u>27,707,403</u>	<u>26,558,274</u>
Total current liabilities		<u>27,707,403</u>	<u>26,558,274</u>
Total liabilities		<u>29,808,932</u>	<u>29,004,320</u>
Total equity and liabilities		<u>55,627,579</u>	<u>52,119,178</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	
Net cash generated from/(used in) operating activities	563,267	(1,068,787)
Net cash (used in)/generated from investing activities	(632,498)	1,441,301
Net cash generated from financing activities	1,163,405	1,128,122
Net increase in cash and cash equivalents	1,094,174	1,500,636
Effect of foreign exchange rate changes	47,500	(9,262)
Cash and cash equivalents, beginning of period	4,626,779	3,485,951
Cash and cash equivalents, end of period	<u>5,768,453</u>	<u>4,977,325</u>

SELECTED NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

China Oriental Group Company Limited (the “**Company**”) was incorporated in Bermuda on 3 November 2003 as an exempted company with limited liability under the Companies Act 1981 of Bermuda as a result of a group reorganisation. The address of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited since 2 March 2004.

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

This condensed consolidated interim financial information was presented in RMB thousand, unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 31 August 2022.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting”. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) except for the adoption of new and amended standards as disclosed in Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements of the Group for the year ended 31 December 2021, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total earnings.

(a) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

		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
Annual Improvements to HKFRS Standards 2018–2020		1 January 2022

- (b) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	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
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group is assessing the full impact of the new standards, new interpretations and amendments to standards and interpretations.

4. REVENUE

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 six months ended 30 June 2022 and 2021 were as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	Unaudited	Unaudited
Sales:		
– H-section steel products	8,422,123	7,062,881
– Iron ore	6,182,948	6,388,345
– Strips and strip products	5,248,204	6,640,773
– Sheet piling	1,344,061	1,635,296
– Cold rolled sheets and galvanised sheets	720,729	855,000
– Billets	54,649	1,568,178
– Power equipment	1,499,825	181,129
– Steel scrap	442,093	270,775
– Real estate	32,206	26,943
– Others	1,051,937	355,549
	<u>24,998,775</u>	<u>24,984,869</u>

5. SEGMENT INFORMATION

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

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

- (i) Iron and steel – Manufacturing and sales of iron and steel products, 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 the consolidated financial statements for the year ended 31 December 2021.

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

	Six months ended 30 June 2022		
	Iron and steel <i>RMB'000</i>	Real estate <i>RMB'000</i>	Total <i>RMB'000</i>
		Unaudited	
Revenue	<u>24,966,569</u>	<u>32,206</u>	<u>24,998,775</u>
Segment results:			
Operating profit	1,660,696	123	1,660,819
Finance (costs)/income – net	(211,509)	42,609	(168,900)
Share of results of associates and a joint venture	(1,822)	–	<u>(1,822)</u>
Profit before income tax			1,490,097
Income tax expense			<u>(260,077)</u>
Profit for the period			<u><u>1,230,020</u></u>
Other profit or loss items			
Depreciation and amortisation	<u>613,538</u>	<u>743</u>	<u>614,281</u>
Capital expenditure	<u>1,358,070</u>	<u>47</u>	<u>1,358,117</u>

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

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

The segment assets and liabilities as at 30 June 2022 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>
	Unaudited			
Segment assets	<u>42,016,870</u>	<u>1,989,398</u>	<u>(885,111)</u>	<u>43,121,157</u>
Segment assets for reportable segments				43,121,157
Unallocated:				
Deferred income tax assets				453,211
Financial assets at fair value through other comprehensive income				325,000
Financial assets at fair value through profit or loss				6,463,786
Derivative financial instruments				18,644
Structured bank deposits				1,110,000
Long-term bank deposits				4,090,000
Prepaid current income tax				<u>45,781</u>
Total assets per balance sheet				<u><u>55,627,579</u></u>
Segment liabilities	<u>10,641,744</u>	<u>1,550,669</u>	<u>(885,111)</u>	<u>11,307,302</u>
Segment liabilities for reportable segments				11,307,302
Unallocated:				
Current income tax liabilities				580,478
Current borrowings				15,688,864
Non-current borrowings				1,670,430
Derivative financial instruments				5,144
Dividends payable				307,702
Deferred income tax liabilities				<u>249,012</u>
Total liabilities per balance sheet				<u><u>29,808,932</u></u>

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

	Iron and steel <i>RMB'000</i>	Real estate <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total <i>RMB'000</i>
		Audited		
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><u>52,119,178</u></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><u>29,004,320</u></u>

6. OPERATING PROFIT

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	Unaudited	Unaudited
Depreciation of property, plant and equipment (<i>Note 11</i>)	(561,066)	(504,871)
Depreciation of right-of-use assets	(13,037)	(10,746)
Amortisation of intangible assets (<i>Note 11</i>)	(33,611)	(689)
Depreciation of investment properties (<i>Note 11</i>)	(6,567)	(606)
Provision for impairment of trade receivables and contract assets	(27,435)	(8,184)
(Provision for)/reversal of impairment of prepayments, deposits and other receivables	(6,276)	7,747
Provision for impairment of loan receivables	(6,913)	–
Provision for impairment of property under development	(22,195)	–
Other income		
– Interest income from loan receivables	51,466	80,195
– Government grants	31,876	31,707
– Dividend income from financial assets at fair value through other comprehensive income	8,432	2,618
– Rental income from investment properties	13,396	7,188
– Interest income from financial assets at fair value through other comprehensive income	397	863
Other gains – net		
– Gains on disposal of production capacities (<i>a</i>)	493,808	–
– Gains on disposal of subsidiaries (<i>b</i>)	212,070	–
– Gains on disposal of an associate	73,119	19,964
– Investment income from structured bank deposits	6,089	34,823
– Gains/(losses) on disposal of property, plant and equipment	1	(1,924)
– Investment (losses)/income from financial assets at fair value through profit or loss	(1,052)	85,120
– Other foreign exchange (losses)/gains – net	(41,275)	20,881
– Fair value (losses)/gains from financial assets at fair value through profit or loss	(99,896)	153,906
– Losses on derecognition of notes receivable	(108,996)	(76,569)
– Waiver of interest of loan receivables	(56,000)	–
– Others	812	15,794
Gains/(losses) from derivative financial instruments		
– Investment gains/(losses) from foreign currency forward contracts	37,027	(11,363)
– Investment (losses)/gains from rebar, hot-rolled coil and other industrial raw materials future contracts	(28,253)	100,811
– Investment gains from rebar, hot-rolled coil and other industrial raw materials future option contracts	1,820	–

- (a) On 13 July 2021, a non-wholly owned subsidiary of the Group, Hebei Jinxi Iron and Steel Group Company Limited (the “**Jinxi Limited**”) entered into the capacity transfer agreement with Tangshan Ganglu Iron & Steel Co., Ltd. in relation to the transfer of the iron and steel capacity at a total consideration of approximately RMB570 million. The transfer of the iron and steel capacity was completed on 2 April 2022 and the Group recognised the gains on disposal of approximately RMB494 million.

- (b) On 23 November 2021, Jinxi Limited entered into a sale and purchase agreement with Guangxi Chiji Iron and Steel Company Limited (“**Guangxi Chiji**”) in relation to dispose of Jinxi Limited’s entire 100% equity interest in Fangchenggang Jinxi Section Steel Technology Co., Ltd. to Guangxi Chiji at aggregate consideration of RMB3.5 billion (the “**FCG Disposal**”). The FCG Disposal was completed on 2 March 2022. Considering recovery uncertainty of the remaining receivable (primarily including a refundable deposit for land acquisition and certain cost reimbursement of RMB500 million and approximately RMB13.8 million, respectively which are recoverable from the relevant government authorities in the Fangchenggang City), the Group recognised the gains on disposal of approximately RMB212 million.

7. FINANCE INCOME AND COSTS

	Six months ended 30 June	
	2022	2021
	RMB’000	RMB’000
	Unaudited	Unaudited
Interest expenses on borrowings	(239,923)	(200,828)
Interest expenses on lease liabilities	(2,942)	(2,049)
Net foreign exchange (losses)/gains on borrowings and dividends payable	(77,248)	3,350
	<hr/>	<hr/>
Total finance costs	(320,113)	(199,527)
Less: amounts capitalised on qualifying assets	35,333	22,287
	<hr/>	<hr/>
Finance costs	(284,780)	(177,240)
Finance income – interest income	115,880	90,416
	<hr/>	<hr/>
Finance costs – net	(168,900)	(86,824)
	<hr/> <hr/>	<hr/> <hr/>

For the six months ended 30 June 2022, a capitalisation rate of 4.42% (2021 corresponding period: 4.74%) was used, representing the average borrowing cost of the loans relating to financing the construction of property, plant and equipment.

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	RMB’000	RMB’000
	Unaudited	Unaudited
Current income tax		
– PRC enterprise income tax	303,243	407,652
– Singapore profits tax	7,371	3,329
	<hr/>	<hr/>
	310,614	410,981
	<hr/>	<hr/>
Deferred income tax		
– PRC enterprise income tax	(50,537)	9,723
	<hr/>	<hr/>
	260,077	420,704
	<hr/> <hr/>	<hr/> <hr/>

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 22.78% (2021 corresponding period: 24.16%) to respective profits of the consolidated entities for the six months ended 30 June 2022 and 2021 as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	Unaudited	Unaudited
Profit before income tax	<u>1,490,097</u>	<u>2,036,970</u>
Taxation calculated at statutory tax rates applicable in corresponding countries	339,450	492,203
Tax exemption of subsidiaries established in an area with preferential tax policy	(35,951)	(40,729)
Temporary differences and tax losses for which no deferred income tax asset was recognised	14,348	16,448
Utilisation of previously unrecognised tax losses and temporary differences	(9,375)	(12,862)
Withholding tax of intra-group dividends income and interest income	16,037	8,635
Additional deduction of research and development expenses and other expenses	(35,067)	–
Effect of non-taxable income	(29,811)	(43,493)
Effect of non-deductible expenses	446	502
	<u>260,077</u>	<u>420,704</u>

9. EARNINGS PER SHARE

Basic

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

	Six months ended 30 June	
	2022	2021
	Unaudited	Unaudited
Profit attributable to owners of the Company (RMB'000)	1,199,141	1,570,956
Weighted average number of ordinary shares in issue (thousands of shares)	3,722,569	3,722,569
Basic earnings per share (RMB per share)	<u>0.32</u>	<u>0.42</u>

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As at 30 June 2022 and 2021, the Group did not have any dilutive potential ordinary share. Therefore, diluted earnings per share is same as basic earnings per share for the respective period.

10. DIVIDENDS

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
Final, proposed and approved (a)	284,532	–
Interim, proposed (b)	228,758	463,851

(a) At the Board meeting held on 29 March 2022, the Board proposed a final dividend of HK\$223.4 million, representing HK\$0.06 per ordinary share and a special dividend of HK\$111.7 million, representing HK\$0.03 per ordinary share in respect of the year ended 31 December 2021. The proposed dividend of HK\$335.1 million (approximately RMB284.5 million) was approved by the shareholders of the Company in the annual general meeting of the Company on 8 June 2022 and paid on 4 July 2022.

(b) At the Board meeting held on 31 August 2022, the Board proposed an interim dividend of HK\$260.6 million (approximately RMB228.8 million), representing HK\$0.07 per ordinary share in respect of the six months ended 30 June 2022.

At the Board meeting held on 31 August 2021, the Board proposed an interim dividend of HK\$372.3 million, representing HK\$0.10 per ordinary share and a special dividend of HK\$186.1 million, representing HK\$0.05 per ordinary share in respect of the six months ended 30 June 2021. The proposed dividend of HK\$558.4 million (approximately RMB463.9 million) was paid during the year ended 31 December 2021.

11. CAPITAL EXPENDITURE

	Property, plant and equipment <i>RMB'000</i>	Investment properties <i>RMB'000</i> Unaudited	Intangible assets <i>RMB'000</i>
Six months ended 30 June 2022			
Opening carrying amount as at 1 January 2022	13,173,153	100,346	263,811
Acquisition of subsidiaries	575,333	100,460	1,563,170
Additions	1,349,666	1,229	7,222
Disposals	(84,124)	–	–
Depreciation and amortisation (<i>Note 6</i>)	(561,066)	(6,567)	(33,611)
	<u>14,452,962</u>	<u>195,468</u>	<u>1,800,592</u>
Six months ended 30 June 2021			
Opening carrying amount as at 1 January 2021	11,552,420	107,440	2,843,640
Additions	637,922	–	275
Transfer from equity investments at fair value through other comprehensive income to a subsidiary	170,724	–	–
Disposals	(9,735)	–	–
Depreciation and amortisation (<i>Note 6</i>)	(504,871)	(606)	(689)
	<u>11,846,460</u>	<u>106,834</u>	<u>2,843,226</u>

12. PROPERTIES UNDER DEVELOPMENT AND HELD FOR SALE

	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Properties under development comprise:		
— Land use rights	380,026	383,089
— Construction costs	385,985	259,490
Less: impairment provision	(72,619)	(50,424)
	<u>693,392</u>	592,155
Completed properties held for sale	30,255	11,458
	<u>723,647</u>	<u>603,613</u>

13. INVENTORIES

	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Raw materials and materials in-transit	3,833,768	3,548,616
Work-in-progress	801,072	505,506
Finished goods	2,334,714	809,743
Less: impairment provision	<u>(33,157)</u>	<u>(28,277)</u>
Inventories – net	<u><u>6,936,397</u></u>	<u><u>4,835,588</u></u>

14. TRADE RECEIVABLES AND CONTRACT ASSETS

	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Trade receivables	2,848,331	1,666,434
Contract assets	655,688	93,322
Less: impairment provision for trade receivables	(208,871)	(65,230)
impairment provision for contract assets	<u>(31,814)</u>	<u>(1,356)</u>
Trade receivables and contract assets – net	<u><u>3,263,334</u></u>	<u><u>1,693,170</u></u>

As at 30 June 2022 and 31 December 2021, the carrying amount of the Group's trade receivables and contract assets approximated their fair values.

As at 30 June 2022 and 31 December 2021, the ageing analysis of the gross amount of trade receivables and contract assets based on invoice date was as follows:

	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Within 3 months	3,037,309	1,382,167
4–6 months	108,886	108,706
7–12 months	96,964	164,466
Over 1 year	<u>260,860</u>	<u>104,417</u>
	<u><u>3,504,019</u></u>	<u><u>1,759,756</u></u>

As at 30 June 2022, trade receivables amounting to approximately RMB235 million (31 December 2021: approximately RMB283 million) were guaranteed by third party customers' letters of credit.

15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Non-current		
Prepayments for purchase of long-term assets	537,141	517,328
Less: impairment provision	(234,235)	(234,235)
	<hr/>	<hr/>
Prepayments for purchase of long-term assets – net	302,906	283,093
Deposits for purchase of right-of-use assets	–	500,000
Lease receivables	150,519	164,630
Prepaid expenses	39,390	44,626
	<hr/>	<hr/>
	492,815	992,349
	<hr/>	<hr/>
Current		
Prepayments for purchase of inventories	2,406,229	2,171,941
	<hr/>	<hr/>
Other receivables	698,194	875,936
Less: impairment provision	(182,856)	(175,731)
	<hr/>	<hr/>
Other receivables – net	515,338	700,205
	<hr/>	<hr/>
Prepaid tax	579,800	671,546
Deposits	282,060	500,275
Prepaid expenses	189,416	62,049
Lease receivables	40,841	31,699
	<hr/>	<hr/>
	1,092,117	1,265,569
	<hr/>	<hr/>
	4,013,684	4,137,715
	<hr/>	<hr/>
	4,506,499	5,130,064
	<hr/> <hr/>	<hr/> <hr/>

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Non-current		
Listed equity interests	253,149	338,687
Financial investment products	<u>225,000</u>	<u>50,000</u>
	<u>478,149</u>	<u>388,687</u>
Current		
Listed bond investments	1,556,780	1,169,260
Investment funds	1,503,444	1,336,450
Bond market funds	1,258,463	1,015,717
Financial investment products	876,596	459,640
Money market funds	450,306	1,797,271
Listed equity interests	<u>340,048</u>	<u>279,837</u>
	<u>5,985,637</u>	<u>6,058,175</u>
Total	<u><u>6,463,786</u></u>	<u><u>6,446,862</u></u>

17. LOAN RECEIVABLES

	As at 30 June 2022 RMB'000 Unaudited	As at 31 December 2021 RMB'000 Audited
Non-current		
Long-term loan receivables (a)	348,480	648,480
Less: impairment provision (c)	(9,933)	(36,133)
	<u>338,547</u>	<u>612,347</u>
Current		
Short-term and current portion of long-term loan receivables (b)	1,366,980	1,152,752
Less: impairment provision (c)	(124,776)	(91,663)
	<u>1,242,204</u>	<u>1,061,089</u>
Total loan receivables, net of provision	<u>1,580,751</u>	<u>1,673,436</u>

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

- (a) As at 30 June 2022, 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, with repayment terms of 5 years and wholly repayable in 2025.
- (b) Loan receivables of approximately RMB1,367 million as at 30 June 2022 are comprised of various loans with residual repayment terms within 1 year and with individual amount ranging from RMB3 million to approximately RMB348 million. The loans were secured by the pledge of listed and unlisted equity shares of the borrowers or guarantors of the borrowers and were guaranteed by related parties of the borrowers, interest bearing at rates ranging from 0.0% to 15.0% per annum.

The borrower of RMB170 million is Huzhou Fenglinhuoshan Equity Investment Partnership, which is the second largest shareholder of Jiangsu Shentong Valve Co., Ltd. (“**Jiangsu Shentong**”), and Mr. Han Li is the chairman of Jiangsu Shentong holding approximately 18.2% of its issued share capital.

The borrower of RMB348 million are Mr. Liu Feng and Ms. Liu Yanhua, the shareholders of Qingdao Huijintong Power Equipment Company Limited (“**HJT**”). As at 30 June 2022, the loan receivables are secured by the pledge of listed equity shares of the borrowers of HJT, interest free and principal repayable in 2023.

- (c) As at 30 June 2022, provisions amounting to approximately RMB45 million (31 December 2021: 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 30 June 2022, provisions amounting to approximately RMB90 million (31 December 2021: approximately RMB83 million) were recognised on the loan receivables based on expected credit losses.

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

18. NOTES RECEIVABLE

	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Business acceptance notes	28,934	–
Notes receivable designated as financial assets at fair value through other comprehensive income — bank acceptance notes	<u>633,060</u>	<u>1,322,022</u>
Total	<u><u>661,994</u></u>	<u><u>1,322,022</u></u>

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

As at 30 June 2022, notes receivable amounting to approximately RMB170 million (31 December 2021: approximately RMB916 million) was pledged as security for the Group's notes payable (Note 21).

As at 30 June 2022 and 31 December 2021, the ageing analysis of notes receivable was as follows:

	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Within 3 months	573,536	1,277,844
4-6 months	87,758	41,549
7-12 months	<u>700</u>	<u>2,629</u>
	<u><u>661,994</u></u>	<u><u>1,322,022</u></u>

19. STRUCTURED BANK DEPOSITS

	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Financial assets at fair value through profit or loss	<u><u>1,110,000</u></u>	<u><u>800,000</u></u>

As at 30 June 2022, the structured bank deposits represented financial instruments placed by the Group in various banks in the Mainland China for a term within 1 year. The interest of structured bank deposits of RMB300 million (31 December 2021: RMB300 million) was linked to CFETS 7-day repo (R007) rate and the interest of structured bank deposits of RMB810 million (31 December 2021: RMB500 million) was linked to BFIX EUR/USD.

As at 30 June 2022, structured bank deposits amounting to RMB300 million (31 December 2021: nil) were pledged as security for the Group's issue of notes payable (Note 21).

20. BORROWINGS

	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Non-current		
Bank borrowings		
— Secured (<i>i</i>)	262,000	19,500
— Unsecured	1,408,430	2,271,500
	<u>1,670,430</u>	<u>2,291,000</u>
Current		
Bank borrowings		
— Secured (<i>i</i>)	7,220,726	4,183,036
— Unsecured	8,462,801	7,500,938
	<u>15,683,527</u>	<u>11,683,974</u>
Other borrowings, unsecured	5,337	5,337
	<u>15,688,864</u>	<u>11,689,311</u>
Total borrowings	<u><u>17,359,294</u></u>	<u><u>13,980,311</u></u>

The borrowings of the Group as at 30 June 2022 composed as follows:

- (i) The secured bank borrowings as at 30 June 2022, totaling RMB7,483 million were secured by property, plant and equipment of approximately RMB406 million, right-of-use assets with carrying amount of approximately RMB253 million, long-term bank deposits of approximately RMB3,975 million, restricted bank balances of approximately RMB1,624 million and land use rights in properties under development and held for sale of approximately RMB89 million.

The secured bank borrowings as at 31 December 2021, totaling RMB4,203 million were secured by property, plant and equipment of approximately RMB337 million, right-of-use assets with carrying amount of approximately RMB136 million, long-term bank deposits of approximately RMB2,255 million, restricted bank balances of approximately RMB601 million and land use rights in properties under development and held for sale of approximately RMB96 million.

As at 30 June 2022 and 31 December 2021, the Group's borrowings were repayable as follows:

	Bank borrowings		Other borrowings	
	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Within 1 year	15,683,527	11,683,974	5,337	5,337
Between 1 and 2 years	1,278,257	2,224,000	–	–
Between 2 and 5 years	360,173	30,000	–	–
Over 5 years	32,000	37,000	–	–
	<u>17,353,957</u>	<u>13,974,974</u>	<u>5,337</u>	<u>5,337</u>

21. TRADE PAYABLES

	As at 30 June 2022 <i>RMB'000</i> Unaudited	As at 31 December 2021 <i>RMB'000</i> Audited
Account payables	2,661,178	2,597,242
Notes payable	2,645,210	4,305,331
	<u>5,306,388</u>	<u>6,902,573</u>

As at 30 June 2022, approximately RMB2,550 million (31 December 2021: approximately RMB4,305 million) of notes payable represented bank acceptance notes and approximately RMB95 million (31 December 2021: nil) of notes payable represented business acceptance notes, of which approximately RMB170 million (31 December 2021: RMB916 million) were secured by certain notes receivable (Note 18), approximately RMB1,791 million (31 December 2021: RMB2,629 million) of which were secured by certain restricted bank balances, approximately RMB115 million (31 December 2021: RMB645 million) were secured by long-term bank deposits, approximately RMB300 million (31 December 2021: nil) were secured by certain structured bank deposits (Note 19) and approximately RMB269 million (31 December 2021: RMB115 million) was guaranteed by credit.

As at 30 June 2022 and 31 December 2021, the ageing analysis of the trade payables was as follows:

	As at 30 June 2022 RMB'000 Unaudited	As at 31 December 2021 RMB'000 Audited
Within 3 months	3,866,235	2,923,681
4–6 months	550,979	2,062,100
7–9 months	706,147	1,303,192
10–12 months	34,827	444,157
Over 1 year	148,200	169,443
	<u>5,306,388</u>	<u>6,902,573</u>

22. FINANCIAL GUARANTEE CONTRACTS

	As at 30 June 2022 RMB'000 Unaudited	As at 31 December 2021 RMB'000 Audited
Guarantee for engineering and trading	<u>23,980</u>	<u>35,736</u>

As at 30 June 2022, Chongqing Jodear Power Equipment Co., Ltd. provided guarantee for engineering and trading in favour of third parties amounted to approximately RMB24 million (31 December 2021: approximately RMB36 million).

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

23. CAPITAL COMMITMENTS

	As at 30 June 2022 RMB'000 Unaudited	As at 31 December 2021 RMB'000 Audited
Purchase of property, plant and equipment		
– Contracted but not provided for	625,341	1,033,673
– Authorised but not contracted for	1,203,797	359,894
	<u>1,829,138</u>	<u>1,393,567</u>
Purchase of properties under development	<u>655,003</u>	<u>516,987</u>

24. POST BALANCE SHEET EVENTS

On 9 August 2022, Guangxi Huadian Intelligent Equipment Co., Ltd.* (廣西華電智能裝備有限公司), a subsidiary of the Company, entered into an assignment contract with Guangxi Transmission & Substation Construction Co., Ltd.* (廣西送變電建設有限責任公司) (“**Guangxi SBD**”) to acquire Guangxi SBD’s asset bundle of power transmission tower plant with a production capacity of approximately 100,000 tonnes located in Guangxi, at a total consideration of RMB297,149,500 (excluding value-added tax and certain other taxes).

MANAGEMENT DISCUSSION AND ANALYSIS

Looking back at the first half of 2022, the iron and steel industry in the People's Republic of China (the "PRC" or "China") experienced rather a trying time as it gradually entered a downward cycle. The international environment remained complicated and volatile, with geopolitical conflicts breaking out in the first quarter, triggering continued high inflation and interest rate hikes in many countries. After a relatively stable first quarter, the domestic iron and steel industry was, during the second quarter, affected by China's slowing-down economy, experiencing a sharp drop in overall steel prices amidst weakening downstream demand, as a result of the prolonged weakening of the real estate development in China, as well as supply chain disruption and rise in transportation costs due to the COVID-19 outbreak. At the same time, the iron and steel industry suffered from a price increase, although partially offset by lower iron ore prices, in the major raw materials, in particular coking coal and coke, which have trapped the overall production costs at the top end. As a result, a general profit plunge, even loss in some cases, was seen in the country's iron and steel industry, which, for this very reason, has taken the initiative to significantly reduce production since June 2022, in an effort to bring about market balance, and in late July 2022, profits began to show signs of recovery. On an aggregate basis, China's crude steel production decreased in the first half of 2022. According to the National Bureau of Statistics of the PRC, the national production volumes of pig iron, crude steel and steel products in the first half of 2022 were 439 million tonnes, 527 million tonnes and 667 million tonnes, respectively, representing a decrease of 4.7%, 6.5% and 4.6%, respectively, compared to the corresponding period in 2021.

On the policy front of the iron and steel industry, the Ministry of Industry and Information Technology of the PRC (the "MIIT"), together with the National Development and Reform Commission of the PRC (the "NDRC") and the Ministry of Ecology and Environment of the PRC, issued the "Guiding Opinions on Promoting the High Quality Development of the Iron and Steel Industry" (《關於促進鋼鐵工業高品質發展的指導意見》) in February 2022, proposing to strive for a high quality development setting for the iron and steel industry by 2025, with reasonable layout structure, stable resource supply, advanced technology and equipment, supreme quality and brands, high level of intellectualisation, strong global competitiveness, and green and low-carbon sustainability basically in place. In particular, it suggests that, among others, the proportion of steel produced with electric arc furnace shall be raised to over 15% of the total crude steel production, the transformation to ultra-low emission shall be completed in over 80% of the steel production capacity, the combined energy consumption per tonne of steel shall be reduced by over 2%, the water consumption intensity shall be lowered by over 10%, and carbon emissions shall be guaranteed to peak by 2030. In

addition, in July 2022, the MIIT and five other departments jointly issued the “Action Plan to Improve Industrial Energy Efficiency” (《工業能效提升行動計劃》), proposing that by 2025, the energy efficiency of major industrial sectors shall be comprehensively improved, high contribution of green and low-carbon energy shall be achieved, the energy efficiency of key products in the steel industry shall reach advance international standards, and the energy consumption per unit of added value in large industrial enterprises shall be reduced by 13.5% compared to 2020. This will play a positive role in promoting energy efficiency, green and low-carbon transformation and high-quality development in the iron and steel industry.

Against this backdrop, the Group continued to, through efficiency improvement, marketing and promotion enhancement and green investment, strengthen our operational efficiency and sustainability. As affected by the aforementioned factors, which include (i) a decrease in the average selling price and sales volume of self-manufactured steel products of the Group due to weaker downstream demand because of slowdown of the economy as well as the outbreak of COVID-19 across China; and (ii) an increase in prices of major raw materials, in particular coking coal and coke (notwithstanding that such increase was partially set-off against the decrease in iron ore prices), which led to the overall production costs of the Group remaining high. The Group’s net profit (excluding non-recurring gains) for the six months ended 30 June 2022 decreased by approximately 56.7% as compared to its net profit of approximately RMB1,616 million for the corresponding period in 2021. Meanwhile, benefiting from the completion of the disposal of the iron and steel production capacity and the disposal of Fangchenggang Jinxi Section Steel Technology Co., Ltd.* (防城港津西型鋼科技有限公司) (please see below for details), the Group recorded non-recurring gains of approximately RMB494 million and approximately RMB212 million, respectively, during the period. For the six months ended 30 June 2022, the Group recorded revenue of approximately RMB25.00 billion, representing an increase of approximately 0.1% over the same period last year. Compared with the corresponding period in 2021, the average selling price of self-manufactured steel products decreased by 1.1% to approximately RMB4,406 per tonne, and the gross profit decreased by approximately 30.9% to approximately RMB1,354 million. The Group’s net profit for the interim period was approximately RMB1.23 billion, representing a decrease of approximately 23.9% from the net profit of approximately RMB1.62 billion in the corresponding period last year. Our EBITDA decreased to approximately RMB2.27 billion from approximately RMB2.64 billion in the corresponding period last year, with basic earnings per share of RMB0.32 (2021 corresponding period: RMB0.42).

In July 2022, the Company was ranked 249th on the Top 2022 Fortune 500 China companies. In January 2022, Hebei Jinxi International Trade Co., Ltd.* (河北津西國際貿易有限公司), a subsidiary of the Company, was awarded the “2021 National Exemplary Unit of Business Integrity” on the “2022 Integrity Development Forum of Chinese Enterprises and the 13th Integrity and Trust Award” organised by the China Enterprise Reform and Development Society and the China Cooperative Trade Enterprises Association. Furthermore, in January 2022, Hebei Jinxi Iron and Steel Group Company Limited* (河北津西鋼鐵集團股份有限公司, “**Jinxi Limited**”), another subsidiary of the Company, was certified by the Department of Ecological Environment of Hebei Province as an enterprise with A grade environmental performance.

Given the results for the first half of 2022 and taken into account the needs for future development and share the remarkable results of the Group achieved with the shareholders of the Company (“**Shareholder(s)**”), the Board declared the distribution of 2022 interim dividend of HK\$0.07 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 the first half of 2022, in view of the severe shocks in the domestic steel market, the Group stepped up efforts to optimise the cost of ore blending and sintering to reduce costs and promoted the marketing modes of direct sales of products and direct supply to key projects to strive for a rough balance between production and sales. Meanwhile, the Group developed new products and steel-related businesses to expand revenue sources, including solar photovoltaic brackets, sheet piling with new specifications, precast steel components and precast concrete components for assembled construction, etc.. Furthermore, the Group also started building 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. As at June 2022, the Group completed the computer, communication, signal and power engineering at the loading and unloading station of the Branch-line Railway Project. The railway will be put into operation when the local government completes the capacity expansion and reconstruction work of its responsible railroad. In addition, with continuous investment in, transformation and upgrading of green operation, the Group has been certified as an enterprise with A grade environmental performance by the Department of Ecological Environment of Hebei Province in January 2022, making us one of the few steel enterprises engaged in long process steel production in Hebei Province as an enterprise with A grade environmental performance, as well as the first batch of private enterprises obtaining this rating. Our emissions of particulate matters, sulfur dioxide and nitrogen oxides all dropped significantly compared with those before reaching A grade. This will be conducive to the Group’s future steel products production and operation. In the first half of 2022, the Group sold approximately 1.83 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 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**”) and held in aggregate approximately 40.5% of the issued share capital of HJT, further extending its business chain downstream. HJT is principally engaged in the research and development, manufacturing and sales of electric power transmission facilities and it currently operates the manufacturing plants in Shandong Province, Chongqing City and Jiangsu Province of the PRC with annual production capacities of approximately 450 thousand tonnes in aggregate. 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 a non-wholly owned subsidiary of the Company and started to be consolidated into the financial statement of the Group. In the first half of 2022, HJT generated revenue from sales of power equipment of approximately RMB1.50 billion to the Group.

In July 2021, Jinxi Limited entered into a capacity transfer agreement with Tangshan Ganglu Iron & Steel Co., Ltd.* (唐山港陸鋼鐵有限公司, “**Tangshan Ganglu**”) in relation to the transfer of 475,800 tonnes per annum of iron production capacity and 284,200 tonnes per annum of steel production capacity from Jinxi Limited to Tangshan Ganglu (the “**Capacity Transfer**”) for a total consideration of RMB569,872,000 (including value-added tax). For details of the capacity transfer agreement, please refer to the announcements of the Company dated 5 August 2022 and 10 August 2022. The Capacity Transfer was completed in April 2022 and the Capacity Transfer contributed gain of approximately RMB494 million to the Group during the period.

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**”). 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. The FCG Disposal was completed in March 2022 and for details of the FCG Disposal, please refer to the announcements dated 23 November 2021 and 3 March 2022 and the circular dated 21 December 2021 of the Company. As of July 2022, the Group was in the process of negotiating with the Fangchenggang City Government about the entering into a repayment agreement in relation to the refundable deposit for land acquisition and forest vegetation restoration fees. Due to the uncertainty involved in the recoverability of the payments, upon consultation with the auditors of the Company, for prudence, the Company calculated the gain on disposal based on a net asset value inclusive of the payments, which will be subject to recognition of gains upon the actual collection of the payments. Therefore, during the period, the FCG Disposal generated a gain of approximately RMB212 million for the Group.

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 the Group's various projects in Tangshan City and Suzhou, the sales and delivery of most units were completed during previous years. In the first half of 2022, 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, and the 4th phase of the Donghu Bay project and the Jinxi Meishu Hall project continued to make progress in their pre-sale. In the first half of 2022, the Group recorded from its real estate business a revenue and operating profit of approximately RMB32 million and RMB0.12 million, respectively. In addition, for prudence consideration, in the first half of 2022, the Group updated the estimated value of Jinxi Meishu Hall and Jinxi Xijiang Bay projects in Fangchenggang City, Guangxi, in properties under development based on the current market sales prices and estimated development costs, and made an impairment provision of approximately RMB22 million for the Jinxi Meishu Hall project.

In the first half of 2022, the revenue and gross profit arising from trading of steel products, iron ore and related raw materials of the Group were approximately RMB7.77 billion (2021 corresponding period: approximately RMB6.97 billion) and approximately RMB46 million (2021 corresponding period: gross loss of approximately RMB27 million) respectively.

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

BUSINESS REVIEW

Sales Analysis on Self-manufactured Steel Products

Sales Volume

For the six months ended 30 June 2022, the Group's total sales volume was approximately 3.32 million tonnes (2021 corresponding period: approximately 3.87 million tonnes), representing a decrease of approximately 14.2%.

The sales volume breakdown during the period was as follows:

	For the six months ended 30 June				Changes in sales volume <i>Increase/ (Decrease)</i>
	2022		2021		
	Sales volume		Sales volume		
	<i>('000 tonnes)</i>		<i>('000 tonnes)</i>		
H-section steel products	1,826	54.9%	1,595	41.2%	14.5%
Strips and strip products	1,194	35.9%	1,450	37.4%	(17.7%)
Cold rolled sheets and galvanised sheets	112	3.4%	135	3.5%	(17.0%)
Billets	2	0.1%	352	9.1%	(99.4%)
Sheet piling	189	5.7%	340	8.8%	(44.4%)
Total	3,323	100%	3,872	100%	(14.2%)

Revenue

Revenue for the six months ended 30 June 2022 was RMB14,644 million (2021 corresponding period: RMB17,247 million), representing a decrease of approximately 15.1%. Export to foreign countries contributed RMB674 million (2021 corresponding period: RMB59 million) to the revenue, representing approximately 4.6% (2021 corresponding period: 0.3%) of revenue from sales of self-manufactured steel products.

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

	For the six months ended 30 June				Changes in	
	2022	Average	2021	Average	Revenue	Average
	Revenue	selling price	Revenue	selling price	Increase/(Decrease)	selling price
	(RMB million)	(RMB/tonne)	(RMB million)	(RMB/tonne)		
	Unaudited		Unaudited			
H-section steel products	8,083	4,426	7,043	4,417	14.8%	0.2%
Strips and strip products	5,022	4,207	6,428	4,432	(21.9%)	(5.1%)
Cold rolled sheets and galvanised sheets	624	5,562	735	5,436	(15.1%)	2.3%
Billets	10	4,279	1,406	3,994	(99.3%)	7.1%
Sheet piling	905	4,786	1,635	4,813	(44.6%)	(0.6%)
Total/Combined	<u>14,644</u>	<u>4,406</u>	<u>17,247</u>	<u>4,454</u>	<u>(15.1%)</u>	<u>(1.1%)</u>

The decrease in revenue from self-manufactured steel products was primarily due to the decrease in sales volume of the Group's products by 14.2% and the decrease in average selling price of the Group's products by 1.1% to RMB4,406 per tonne for the six months ended 30 June 2022 from RMB4,454 per tonne for the corresponding period in 2021. The decrease in sales volume and decrease in average selling price of the Group's steel products was mainly due to weaker downstream demand because of slowdown of economy as well as outbreak of COVID-19 across China.

Cost of Sales and Gross Profit

The gross profit for the six months ended 30 June 2022 was approximately RMB1,354 million (2021 corresponding period: approximately RMB1,960 million), representing a decrease of approximately 30.9%. Gross profit margin was 9.2% (2021 corresponding period: 11.4%).

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

	For the six months ended 30 June					
	2022			2021		
	Average unit cost (RMB)	Gross profit per tonne (RMB)	Gross profit margin	Average unit cost (RMB)	Gross profit per tonne (RMB)	Gross profit margin
H-section steel products	3,998	428	9.7%	3,932	485	11.0%
Strips and strip products	3,807	400	9.5%	3,812	620	14.0%
Cold rolled sheets and galvanised sheets	5,526	36	0.7%	5,204	232	4.3%
Billets	3,929	350	8.2%	3,635	359	9.0%
Sheet piling	4,313	473	9.9%	4,436	377	7.8%
Combined	<u>3,999</u>	<u>407</u>	<u>9.2%</u>	<u>3,948</u>	<u>506</u>	<u>11.4%</u>

Gross profit per tonne of the Group's steel products decreased to RMB407 for the six months ended 30 June 2022 from RMB506 for the corresponding period in 2021, reflecting a decrease of 19.6%. Gross profit margin decreased to 9.2% for the six months ended 30 June 2022 from 11.4% for the corresponding period in 2021. The decrease in gross profit margin was primarily due to the decrease in the average selling price, increase in the average unit cost and the decrease in sales volume of the Group's steel products during the six months ended 30 June 2022.

Property Development

For the six months ended 30 June 2022, the revenue from real estate business of the Group amounted to approximately RMB32 million. The gross floor area ("GFA") and average selling price of properties delivered were approximately 400m² and approximately RMB7,000 per m² respectively.

As at 30 June 2022, the Group had the following projects under construction with a GFA of 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	2023	97.6%
3	Fangchenggang	Jinxi Xijiang Bay	Main structure	248,000	2025 to 2029	97.6%

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

FUTURE PROSPECTS

Looking into the second half of 2022, the international environment will remain complicated and volatile. The persisting pandemic of COVID-19 and its variant, geopolitical tension, supply chain disruptions and the high inflation have imposed uncertainty on the global economy, and the downward pressure on the global economy has gradually emerged. On the other hand, China's domestic economy began to recover due to the weakening impact of the COVID-19 pandemic in China. Coupled with the Chinese government's enhanced infrastructure investment as a counter-cyclical adjustment tool, with China's infrastructure investment cumulative growth rate of 7.1% in the first half of 2022, and the supporting policies on real estate and automobile consumption implemented across the country, these have led to signs of a bottoming out of the downstream sectors of the steel industry. For China's iron and steel industry, in April 2022, the NDRC made a statement on the work for cutting crude steel production capacity on a press conference, stating that in 2022, the NDRC will join other departments in continuing to carry out the nationwide crude steel production capacity reduction, guide steel enterprises to abandon the crude development approach of winning by quantity, promote the high-quality development of the steel industry, ensuring a year-on-year reduction in national crude steel production by 2022. Therefore, the Group expects that steel production will remain limited in the second half of the year. In terms of raw material supply, against the backdrop of the steel industry's initiative to suspend production for maintenance and reduce crude steel production, the production of pig iron is expected to show a downward trend in the second half of the year and the demand for raw materials will weaken, with the supply and demand for raw materials gradually turning from tight to loose. Overall, the Group expects that the business environment of the iron and steel industry will remain relatively volatile in the second half of 2022, but is cautiously optimistic about the prospect as the overall development will improve gradually.

In this context, the Group will continue to actively follow the PRC government's policies, enhance its competitiveness and strive for a leading position in the industry by reducing costs, developing and increasing high value-added products, expanding sales channels and continuously enhancing its facilities and environmental protection efforts. The Group completed the grid connection of the 135MW blast furnace gas self-generating unit and the 450 square meter sintering machine thermal test projects in June 2022, and will continue to invest in projects such as 299,000 cubic meters gas cabinet and automated closed stockyards, in order to strengthen the Group's competitive edge in

steel manufacturing and to achieve further emission reduction, as well as improve cost efficiency. In addition, the Group will continue to push forward the development of different types of angle steel products and strengthen the upstream and downstream linkages and integration with HJT's power transmission equipment business in the second half of the year. Apart from focusing on the steel manufacturing business, the Group will continue to actively expand its market-based steel products and raw materials trading business, downstream steel-related precast steel components and precast concrete components for prefabricated construction, as well as developing new materials for sale using steel slag as cement compound, all of which have been gradually bringing new business to the Group in various aspects.

In August 2022, Guangxi Huadian Intelligent Equipment Co., Ltd.* (廣西華電智能裝備有限公司, “**Guangxi Huadian**”), a subsidiary of the Company, entered into an assignment contract (the “**Assignment Contract**”) with Guangxi Transmission & Substation Construction Co., Ltd.* (廣西送變電建設有限責任公司, “**Guangxi SBD**”) to acquire Guangxi SBD's asset bundle of power transmission tower plant with a production capacity of approximately 100,000 tonnes located in Guangxi (the “**Acquisition of a Power Transmission Tower Plant**”), at a total consideration of RMB297,149,500 (excluding value-added tax and certain other taxes). Upon completion of the Acquisition of a Power Transmission Tower Plant, the Company, with its strategic development footprint rooted in Nanning, Guangxi, the PRC, will be in a better position to serve its customers in Southern China, which will achieve synergy with the Group's existing power transmission tower plants located in Qingdao, Chongqing, and Taizhou through economies of scale. For details of the Acquisition of a Power Transmission Tower Plant, please refer to the announcements dated 21 June 2022, 9 August 2022 and 30 August 2022 of the Company.

To achieve the objectives of carbon peak and carbon neutrality for the iron and 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 continues to invest in various projects on equipment upgrade and environmental protection equipment, including the above-mentioned 299,000 cubic meters of gas cabinet and automated closed stockyards, etc., in order to achieve further emission reduction and improve cost efficiency. Currently, the Group has deployed a total of over 500 new energy trucks, with a clean transportation ratio of over 80%.

Currently, the Group retains a relatively large amount of cash and resources within the Group in order to cope with future development needs. Aside from its focus on the manufacturing and sales of steel products, the Group will continue to actively explore business opportunities in line with its corporate strategy, including those opportunities of horizontal and vertical (in particular, downstream) corporate merger and acquisition, associates and joint ventures, etc., in order to broaden the Group's revenue sources and enhance its profitability, realizing the prospect of sustainable growth and enhancing 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 to the Group.

Since the Company's 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 the Company's listing), the Group's overall capability of annual steel production increased from approximately 3.1 million tonnes at the time of the listing to more than 10 million tonnes at present, with steel products ranging from H-sections, steel pilings, strips and strip related products, billets and cold rolled sheets and galvanised sheets. The Group continues to develop products 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 along the road towards the world's largest section steel production base, exploring 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 sound 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 the ever-changing business environment, so as to maximise Shareholders' value.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had a workforce of approximately 11,100 permanent staff and approximately 100 temporary staff. The staff cost included basic salaries and benefits. Staff benefits included discretionary bonus, medical insurance plans, pension scheme, unemployment insurance plan, maternity insurance plan and the fair value of the share options, etc.. In addition, 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.

FINANCIAL REVIEW

Liquidity and Financial Resources

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

As at 30 June 2022, the Group had unutilised banking facilities of approximately RMB10.1 billion (31 December 2021: approximately RMB9.3 billion).

As at 30 June 2022, the current ratio of the Group, representing current assets divided by current liabilities, was 1.2 times (31 December 2021: 1.2 times) and the gearing ratio, representing total liabilities divided by total assets, was 53.6% (31 December 2021: 55.6%).

As at 30 June 2022, the cash and cash equivalents of the Group amounted to approximately RMB5,768 million (31 December 2021: approximately RMB4,627 million).

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

Capital Structures

As at 30 June 2022, borrowings of approximately RMB15,275 million of the Group bore fixed interest rates ranged from 0.74% to 7.50% per annum and borrowings of approximately RMB2,084 million of the Group bore floating rates ranged from 1.55% to 5.70% per annum. The Group's exposure to changes in market interest rates was considered to be limited. The Group also entered into certain foreign currency forward contracts to manage its exposure to foreign currency exchange rates fluctuation. As at 30 June 2022, the notional amounts of these derivative instruments amounted to USD240 million (equivalent to approximately RMB1,609 million) (31 December 2021: 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 30 June 2022, the debt-to-capital ratio of the Group was 69.3% (31 December 2021: 56.7%).

The consolidated interest expenses and capitalised interest for the six months ended 30 June 2022 amounted to approximately RMB243 million (2021 corresponding period: approximately RMB203 million). The interest coverage ratio (divide earnings before finance costs – net and income tax expense by total interest expenses) was 6.8 times (2021 corresponding period: 10.5 times).

Capital Commitments

As at 30 June 2022, the Group had capital commitments of approximately RMB2,484 million (31 December 2021: approximately RMB1,911 million). It is estimated that the capital commitments will be financed by the Group's internal resources and available banking facilities.

Guarantees and Contingent Liabilities

As at 30 June 2022, the Group's contingent liabilities amounted to approximately RMB24 million (31 December 2021: approximately RMB36 million), which was the provision of guarantee for engineering and trading in favour of third parties.

Pledge of Assets

As at 30 June 2022, the net book value of the Group's leasehold land and land use right amounting to approximately RMB253 million (31 December 2021: approximately RMB136 million), property, plant and equipment amounting to approximately RMB406 million (31 December 2021: approximately RMB337 million), property under development and held for sale amounting to approximately RMB89 million (31 December 2021: approximately RMB96 million), notes receivable amounting to approximately RMB170 million (31 December 2021: approximately RMB916 million), structured bank deposits amounting to RMB300 million (31 December 2021: nil), long-term bank deposits amounting to approximately RMB4,090 million (31 December 2021: approximately RMB2,900 million) and restricted bank balances amounting to approximately RMB2,421 million (31 December 2021: approximately RMB2,531 million) had been pledged as securities for the Group's notes payable issuing, bank borrowings, letters of credit issuing and letters of guarantee issuing.

Exchange Risks

Foreign exchange risk is the risk to the Group's financial conditions and results of operations arising from movements of foreign exchange rates. The Group mainly operates in the Mainland China with most of the transactions denominated and settled in RMB. The Group's foreign exchange risk primarily arises from the procurement of iron ores and the relevant products from overseas suppliers and the Group's foreign currency borrowings, which are denominated and settled in USD. Foreign exchange rates fluctuate in reaction to the macro-economic performance of different countries and fund flows between countries arising from trade or capital commitments. In view of continuous fluctuation of the RMB exchange rate against USD, during the six months ended 30 June 2022, 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.

Steel Products, Iron Ore and Related Raw Materials Derivative Financial Instruments

In view of the significant fluctuation of steel products, iron ore and related raw materials prices during the six months ended 30 June 2022, the Group entered into certain steel products, iron ore and related raw materials future and future option contracts so as to reduce the impact of the volatility of the steel products, iron ore and related raw materials prices on the Group. The Group uses a combination of steel products, iron ore and related raw materials derivatives to achieve the above purpose. The investment losses from steel products, iron ore and related raw materials derivative financial instruments amounted to approximately RMB26 million (2021 corresponding period: investment gains of approximately RMB101 million) for the six months ended 30 June 2022.

Dividend

The Board proposed an interim dividend of HK\$260.6 million (approximately RMB228.8 million), representing HK\$0.07 per ordinary share in respect of the six months ended 30 June 2022 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 21 September 2022. The interim dividend will be payable on or around Monday, 24 October 2022.

The Board proposed a final dividend of HK\$223.4 million, representing HK\$0.06 per ordinary share and a special dividend of HK\$111.7 million, representing HK\$0.03 per ordinary share in respect of the year ended 31 December 2021. The total proposed dividend amounted to HK\$335.1 million (approximately RMB284.5 million) was approved by the Shareholders in the annual general meeting of the Company on 8 June 2022 and paid on 4 July 2022.

Post Balance Sheet Events

On 9 August 2022, Guangxi Huadian Intelligent Equipment Co., Ltd.* (廣西華電智能裝備有限公司), a subsidiary of the Company, entered into an assignment contract with Guangxi Transmission & Substation Construction Co., Ltd.* (廣西送變電建設有限責任公司, “**Guangxi SBD**”) to acquire Guangxi SBD’s asset bundle of power transmission tower plant with a production capacity of approximately 100,000 tonnes located in Guangxi, at a total consideration of RMB297,149,500 (excluding value-added tax and certain other taxes).

Financial Assets at Fair Value Through Profit or Loss

As at 30 June 2022, the Group held financial assets at fair value through profit or loss of approximately RMB6,464 million, accounting for 11.6% of total assets, particulars of which are set out below:

Money Market Funds

Name of the financial assets	Number of units held as at 30 June 2022 (<i>'000</i>)	Investment cost as at 30 June 2022 (<i>RMB'000</i>)	Fair value as at 30 June 2022 (<i>RMB'000</i>)	Realised investment income/(loss) for the six months ended 30 June 2022 (<i>RMB'000</i>)	Fair value to the total assets of the Group as at 30 June 2022
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	123,394	123,394	123,394	5,344	0.22%
Harvest HuoQiBao Monetary Market Fund*					
嘉實活期寶貨幣市場基金	1,641	1,641	1,641	184	< 0.01%
Harvest Monetary Market Fund*					
嘉實貨幣市場基金	11,535	11,535	11,535	3,043	0.02%
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	–	–	–	1,178	–
Bosera Cash Pot Money Market Fund					
博時現金寶貨幣市場基金	–	–	–	1,229	–
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	–	–	–	1,028	–
Minsheng JiaYin Cash Pot Monetary Market Fund*					
民生加銀現金寶貨幣市場基金	–	–	–	109	–
China Southern TianTianLi Monetary Market Fund*					
南方天天利貨幣市場基金	–	–	–	274	–
Aegon-Industrial Monetary Market Securities Investment Fund*					
興全貨幣市場證券投資基金	–	–	–	301	–
Others	–	–	–	79	–
Bank of Communications Co., Ltd.					
交通銀行股份有限公司					
Aegon-Industrial Monetary Market Securities Investment Fund*					
興全貨幣市場證券投資基金	–	–	–	745	–

Name of the financial assets	Number of units held as at 30 June 2022 (‘000)	Investment cost as at 30 June 2022 (RMB‘000)	Fair value as at 30 June 2022 (RMB‘000)	Realised	Fair value
				investment income/(loss) for the six months ended 30 June 2022 (RMB‘000)	to the total assets of the Group as at 30 June 2022
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	–	–	–	2,091	–
China Southern Asset Management Company Limited					
南方基金管理股份有限公司					
China Southern TianTianLi Monetary Market Fund*					
南方天天利貨幣市場基金	95,386	95,386	95,386	1,114	0.17%
China Southern Cash ZhengLi Fund*					
南方現金增利基金	–	–	–	25	–
Others	–	–	–	43	–
Aegon-Industrial Fund Management Company Limited					
興證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	105,244	105,244	105,308	1,974	0.19%
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	53,068	53,068	53,068	353	0.10%
Others	–	–	–	(4)	–
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	–	–	–	854	–
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	–	–	–	331	–
E Fund Day Wealth Management Money Market Fund					
易方達天天理財貨幣市場基金	–	–	–	212	–
E Fund Swift Wealth Management Money Market Fund					
易方達財富快綫貨幣市場基金	–	–	–	437	–
Others	–	–	–	30	–

Name of the financial assets	Number of units	Investment	Fair value	Realised	Fair value
	held as at 30 June 2022 (’000)	cost as at 30 June 2022 (RMB’000)	as at 30 June 2022 (RMB’000)	investment income/(loss) for the six months ended 30 June 2022 (RMB’000)	to the total assets of the Group as at 30 June 2022
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	–	–	–	233	–
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	–	–	–	403	–
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	–	–	–	903	–
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	–	–	–	641	–
CCB Principal Cash Enhance Money Market Fund*					
建信現金增利貨幣市場基金	–	–	–	849	–
CCB Principal Money Market Fund*					
建信貨幣市場基金	–	–	–	61	–
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	83	8,363	8,366	(1,187)	0.02%
CSC Financial Co., Ltd.					
中信建投證券股份有限公司					
CSC Financial ZhiDuoXin Monetary Type Assembled Asset Management Plan*					
中信建投智多鑫貨幣型集合資產管理計劃	37,603	37,603	37,603	5	0.07%
ICBC Credit Suisse Asset Management Co., Ltd.					
工銀瑞信基金管理有限公司					
ICBC Credit Suisse Salary Money Market Fund*					
工銀瑞信薪金貨幣市場基金	–	–	–	979	–
Others	14,005	14,005	14,005	285	0.03%
Total		<u>450,239</u>	<u>450,306</u>	<u>24,146</u>	<u>0.81%</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.

Financial Investment Products

Name of the financial assets	Number of units held as at 30 June 2022 (‘000)	Investment cost as at 30 June 2022 (RMB’000)	Fair value as at 30 June 2022 (RMB’000)	Realised investment income/(loss) for the six months ended 30 June 2022 (RMB’000)	Fair value to the total assets of the Group as at 30 June 2022
China Construction Bank Corporation and CCB Wealth Management Co., Ltd.					
中國建設銀行股份有限公司及建信理財有限責任公司					
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	10,540	10,540	28	0.02%
“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	–	–	–	287	–
CCB-“QianYuan-Private” (Daily) Open-end Private Banking Financial Investment Product*					
建設銀行「乾元-私享」(按日)開放式私人銀行理財產品	– ¹	18,100	18,100	136	0.03%
CCB Wealth Management “HuiZhong” (RiShenYueShu) Open-end Net Worth RMB Financial Investment Product*					
建信理財「惠眾」(日申月贖)開放式淨值型人民幣理財產品	–	–	–	241	–
Others	–	–	–	23	–

Name of the financial assets	Number of units held as at 30 June 2022 (‘000)	Investment cost as at 30 June 2022 (RMB’000)	Fair value as at 30 June 2022 (RMB’000)	Realised investment income/(loss) for the six months ended 30 June 2022 (RMB’000)	Fair value to the total assets of the Group as at 30 June 2022
China Merchants Bank Co., Ltd. and 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	850	850	39	< 0.01%
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	50,000	50,000	50,000	—	0.09%
CM Wealth — Multi-Linked — ZhaoLi No. 66 Single Asset Management Plan*					
招商財富 — 多元掛鉤 — 招利66號單一資產管理計劃	50,000	50,000	50,000	—	0.09%
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 Wealth Management Product*	— ¹	70,000	70,000	184	0.13%
交銀理財穩享現金添利理財產品	—	—	—	112	—
CSC Financial Co., Ltd.					
中信建投證券股份有限公司 CSC Financial Snowball ZengLi VIP No. 11 Assembled Assets Management Plan*					
中信建投雪球增利貴賓11號集合資產管理計劃	50,001	50,000	50,000	—	0.09%
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	42,051	2	0.08%
Industrial and Commercial Bank of China Limited					
中國工商銀行股份有限公司 ICBC “Tianlibao” No. 2 Net Value Financial Investment Product for Corporate*					
中國工商銀行法人「添利寶」2號淨值型理財產品	— ¹	100,000	100,000	—	0.18%
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	—	—	—	1,178	—

Name of the financial assets	Number of units held as at 30 June 2022 (‘000)	Investment cost as at 30 June 2022 (RMB‘000)	Fair value as at 30 June 2022 (RMB‘000)	Realised investment income/(loss) for the six months ended 30 June 2022 (RMB‘000)	Fair value to the total assets of the Group as at 30 June 2022
Tebon Securities Co., Ltd.					
德邦證券股份有限公司					
Tebon Securities Jinrui No. 1 Sole Asset Management Plan*					
德邦證券津瑞1號單一資產管理計劃	50,000	50,000	51,465	2,302	0.09%
Tebon Assets Management XingRui Weekly Gain No. 1 Assembled Assets Management Plan*					
德邦資管星瑞周周盈1號集合資產管理計劃	47,587	50,000	50,190	–	0.09%
Tebon Securities XinLianXin HongTong No. 1 Assembled Assets Management Plan*					
德邦證券心連心鴻潼1號集合資產管理計劃	19,656	20,000	19,391	–	0.03%
Others	14,976	15,000	15,091	376	0.03%
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	–	–	–	196	–
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	47,020	47,020	47,020	–	0.08%
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	37,814	37,814	37,814	–	0.07%
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	105,152	–	0.19%
CITIC Securities Co., Ltd.					
中信證券股份有限公司					
CITIC Securities Co., Ltd. — Strategy DianJin Series Phase 2509 Income Certificate*					
中信證券股份有限公司策略點金系列2509期收益憑證	50,000	50,000	50,000	3	0.09%

Name of the financial assets	Number of units held as at 30 June 2022 ('000)	Investment cost as at 30 June 2022 (RMB'000)	Fair value as at 30 June 2022 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2022 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2022
China Fortune Trust					
華鑫國際信託有限公司					
China Fortune Trust • XinYiJian No. 1 Assembled Assets Management Plan*					
華鑫信託•信益嘉1號集合資金信託計劃	100,000	100,000	100,150	–	0.18%
Guangdong Finance Trust Co., Ltd.					
廣東粵財信託有限公司					
HongWei 2022 Phase 7 Micro-Enterprise Loan Circulating Financial Rights Trust*					
鴻微2022年第七期微小企業貸款流轉財產權信託	– ¹	50,000	50,000	–	0.09%
Capital Securities LLC.					
首創證券股份有限公司					
Capital Securities ChuangHui Flexible Choice Assembled Assets Management Plan*					
首創證券創惠靈活優選集合資產管理計劃	97,522	100,000	100,870	–	0.18%
Industrial Bank Co., Ltd.					
興業銀行股份有限公司					
CIB Golden Snowball Speed Line Net Worth Financial Investment Product*					
興業銀行金雪球添快線淨值型理財產品	– ¹	3,662	3,662	20	0.01%
Others	57,250	79,250	79,250	1,458	0.14%
Total		1,092,236	1,101,596	6,585	1.98%

Note:

- 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 Construction Bank Corporation and CCB Wealth Management Co., Ltd. (中國建設銀行股份有限公司及建信理財有限責任公司)

CCB Wealth Management “HuiZhong” (RiShenYueShu) Open-end Net Worth RMB Financial Investment Product* (建信理財「惠眾」(日申月贖)開放式淨值型人民幣理財產品) is a non-principal protected floating return wealth management product. The funds raised by this product are invested in cash assets, money market instruments, money market funds, standardised fixed-income assets and other assets that meet regulatory requirements, as follows: 1. cash assets: including but not limited to demand deposits, time deposits and negotiated deposits, etc.; 2. money market instruments: including but not limited to pledge-style repurchase, outright repurchase and exchange agreement repurchase, etc.; 3. money market funds; 4. standardised fixed-income assets: including but not limited to national debts, central bank notes, interbank certificates of deposit, financial bonds, corporate bonds, debentures, medium-term notes, short-term financing bonds, ultra short-term financing bonds, private placement notes (PPNs), asset-backed securities (ABS), asset-backed notes (ABNs), etc.; 5. other assets that meet regulatory requirements. The investment proportion of each type of asset is 80%–100% for cash assets, money market instruments, money market funds and standardised fixed income assets, and 0%–20% for other assets that meet regulatory requirements. Cash invested in this product or national debts, central bank notes and policy financial bonds with maturity of less than one year shall not be less than 5% of the net asset value of the financial products; the ratio of total assets to net assets shall not exceed 140%.

China Merchants Bank Co., Ltd. and 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)

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) and CM Wealth — Multi-Linked — ZhaoLi No. 66 Single Asset Management Plan* (招商財富 — 多元掛鉤 — 招利66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, monetary 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)

CSC Financial Snowball ZengLi VIP No. 11 Assembled Assets Management Plan* (中信建投雪球增利貴賓11號集合資產管理計劃) invests primarily in commodities and financial derivative-based financial instruments striving to realise investment returns for the plan's assets under the premise of strict risk control. The assembled plan has an investment scope that covers fixed income assets as well as commodities and financial derivatives. Fixed income assets include bank deposits, money market funds, while commodities and financial derivatives include over-the counter options, returns swaps and non-principal protected income certificates with a snowball structure. The investment proportion includes: (1) investment in fixed income assets shall represents 0–20% of its total assets; and (2) investment in commodities and financial derivatives shall represents 80–100% of its total assets. The assembled plan is subject to the following restrictions: 1. the total assets of the assembled plan shall not exceed 200% of its net assets; and 2. assets that are realisable in 7 business days within the assembled plan's asset portfolio shall not be, during the open withdrawal period, less than 10% of its net assets.

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, money 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.

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, money 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.

Tebon Assets Management XingRui Weekly Gain No. 1 Assembled Assets Management Plan* (德邦資管星瑞周周盈1號集合資產管理計劃) is designed to achieve a steady appreciation of entrusted assets under the premises of strict risk control. The assembled plan mainly invests in the following areas: 1. asset-backed securities, asset-backed notes, debentures, subordinated bonds of financial institutions, corporate bonds, national debts,

local government bonds, financial bonds, central bank notes, short-term financing bonds, ultra short-term financing bonds, interbank certificates of deposit, medium-term notes, project income bonds, PPNs, bond repurchases, publicly issued convertible bonds, publicly issued exchangeable bonds which are issued domestically in accordance with laws as well as fixed-income securities permitted by laws and regulations; 2. other cash management tools such as bond reverse repurchase, bank demand deposits and money market funds. The allocation proportion of the above categories of assets is as follows: 1. the proportion of fixed-income assets invested by the assembled plan shall not be less than 80% of the total assets of the assembled plan; 2. the proportion of PPNs, non-public issued debentures, subordinated bonds of financial institutions, asset-backed securities and asset-backed notes invested by the assembled plan shall not be more than 60% of the total assets of the assembled plan, of which the total proportion of investment in asset-backed securities and asset-backed notes shall not exceed 20% of the net assets; 3. the amount invested in a single bond in the assembled plan shall not exceed 25% of the issue size of the bond and shall not exceed 25% of the net asset value of the assembled plan; the funds invested in the same asset by the assembled plan shall not exceed 25% of the net asset value of the assembled plan; 4. the total assets of the assembled plan shall not exceed 200% of the net assets of the assembled plan; 5. the value of realisable assets in the asset portfolio within 7 business days during the open withdrawal period shall not be less than 10% of the net asset value of the assembled plan; 6. the aggregate market value of the liquidity restricted assets actively invested by the assembled plan during the open withdrawal period shall not exceed 20% of the net asset value of the assembled plan; 7. the amount reported in the assembled plan in the application for the issuance of bonds, convertible corporate bonds, exchangeable corporate bonds and other securities shall not exceed the total assets of the assembled plan, and the amount reported in the assembled plan shall not exceed the total number of units to be issued by the proposed issuer; 8. the fund balance of bonds repurchases or bonds reverse repurchases involved in the assembled plan shall not exceed 100% of the net assets of the assembled plan as of the previous day.

Tebon Securities XinLianXin HongTong No. 1 Assembled Assets Management Plan* (德邦證券心連心鴻潼1號集合資產管理計劃) is designed to achieve stable income in the medium to long term by constructing a spot investment portfolio consisting of equity and fixed income securities while managing systematic risk with hedging instruments such as stock index futures. The investment scope of the assembled plan includes all kinds of equity assets, debt assets, commodities and financial derivative assets, hybrid securities investment funds and money market funds issued domestically in accordance with laws, as well as other investment varieties permitted by the CSRC. The assembled plan can engage in the securities repurchase business. In addition to the restrictions of investment proportion set forth in the investment scope, the plan is subject to the following restrictions: 1. the shares issued by a single listed company held by the manager under all asset management plans managed shall not exceed 30% of the outstanding shares of the listed company; 2. the funds invested in the same asset shall not exceed 25% of the net asset value of the plan; the funds invested in the same asset by the manager under all the assembled asset management plans shall not exceed 25% of such asset; except for bank demand deposits, national debts, central bank notes, policy financial bonds and

local government bonds and other investment varieties permitted by the CSRC; 3. the amount reported in the plan in the application for the issuance of stocks, bonds, convertible corporate bonds, exchangeable corporate bonds and other securities shall not exceed the total assets of the plan, and the amount reported in the plan shall not exceed the total number of units to be issued by the proposed issuer; 4. the aggregate market value of the liquidity restricted assets actively invested in the plan during the open withdrawal period shall not exceed 20% of the net asset value of the assembled plan; 5. the balance of the capital injection of securities repurchases shall not exceed 100% of the net asset value of the plan as of the previous day, and the balance of the funds financed by the reverse repurchases shall not exceed 100% of the net asset value of the plan as of the previous day, subject to the provisions otherwise required by laws, regulations and regulatory bodies; 6. the total assets of the plan shall not exceed 200% of the net assets; 7. the short positions in stock index futures invested by the assembled plan are only used to hedge long equity positions held, and the total contract value of stock index futures sold held by the product shall not exceed 100% of the total market value of equity securities held in the assembled asset management plan; 8. where laws and regulations or regulatory authorities stipulate otherwise on the above proportion restrictions, such stipulations shall apply.

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 Assets 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, debentures, 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.

CITIC Securities Co., Ltd. (中信證券股份有限公司)

CITIC Securities Co., Ltd. — Strategy DianJin Series Phase 2509 Income Certificate* (中信證券股份有限公司策略點金系列2509期收益憑證) are non-principal protected floating income certificates. The product's contracted knock-out and knock-in prices will be compared with the performance of targets in the CSI Small Cap 500 Index on the observation date, so as to determine whether a knock-out or knock-in event is triggered, as well as the final gains or losses of the product. The closing prices of the underlining targets are based on the closing price of the CSI Small Cap 500 Index quoted on the Shanghai Stock Exchange. The knock-out price and knock-in price are prices agreed between the investor and the securities brokerage, and the setting of which would affect directly the probability of the investor to receive the contracted return. If a knock-in is triggered, the return is determined by the actual increase or decrease of the index on the maturity date, if a knock-out is triggered, a fixed interest up to the knock-out date will be received on an annualized rate of 16%, and if neither a knock-in nor knock-out is triggered, an interest for the entire year will be received on an annualised rate of 16%.

China Fortune Trust (華鑫國際信託有限公司)

China Fortune Trust•XinYiJian No. 1 Assembled Assets Management Plan* (華鑫信託•信益嘉1號集合資金信託計劃) may invest in exchange-traded and interbank bonds, including but not limited to national debts, local government bonds, central bank notes, financial bonds, corporate bonds, public debentures, (ultra) short-term financing bonds, medium-term notes, subordinated financial bonds, non-public corporate bonds, PPNs, convertible bonds, exchangeable bonds; income certificates; publicly offered funds; 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; non-standardised assets, including but not limited to trust schemes, trust beneficiary rights, etc.; idle funds can be used for bank deposits, interbank certificates of deposit, bonds repurchase, money market funds, bank wealth management products and other low-risk, high-liquidity financial products, and subscribe to the Trust Industry Protection Fund in accordance with relevant regulations. Investment ratios: (1) investment in fixed-income products in deposits, bonds and other debt assets shall not be less than 80%; (2) investment in the same bond shall not exceed 25% of the total issue size of the target bond; for asset-backed securities, investment in the same asset-backed security shall not exceed 25% of the

ongoing size of the target; (3) investment in a single credit bond shall not exceed 25% of the net assets of the trust; (4) the total value of trust property/net property of the trust shall not exceed 200% when the bond repurchase business is initiated.

Guangdong Finance Trust Co., Ltd. (廣東粵財信託有限公司)

The underlying assets of HongWei 2022 Phase 7 Micro-Enterprise Loan Circulating Financial Rights Trust* (鴻微2022年第七期微小企業貸款流轉財產權信託) are loans for production and business granted by Zhejiang E-Commerce Bank Co., Ltd., which are granted to small enterprises, micro-enterprises, individual entrepreneurs, small and micro-enterprise owners and other individuals. The “trust unit holders” are entitled to the “trust benefits” corresponding to the type and amount of the “trust units” held by them, and to participate in the relevant distribution of “trust benefits”. The “trust units” are categorized into “preferential trust units” and “subordinate trust units”. “Preferential trust units” include “preferential A trust units” and “preferential B trust units”. “Preferential A1 trust units” account for 70% of all “trust units” and “Preferential A2 trust units” account for 20% of all “trust units”. The credit rating is AAAsf. “Preferential B trust units” account for 3% of all “trust units” and have a credit rating of AA+sf. “Subordinate trust units” account for 7% of all “trust units”.

Capital Securities LLC. (首創證券股份有限公司)

Capital Securities ChuangHui Flexible Choice Assembled Assets Management Plan* (首創證券創惠靈活優選集合資產管理計劃) seeks to achieve stable investment returns by investing in medium, long and short-term financial instruments while effectively controlling investment risks. Investment scope, ratio and restrictions include: (1) fixed income and cash assets: 80%–100% of the plan’s total assets, including national debts, local government bonds, central bank notes, financial bonds, interbank certificates of deposit, corporate bonds, debentures, asset-backed securities, short-term financing bonds, ultra short-term financing bonds, medium-term notes, and other exchange-traded and interbank instruments, bond repurchases, bond reverse repurchases, bond funds, money market funds, bank deposits, cash, etc.. The credit rating of investment in corporate bonds, debentures, medium-term notes and other credit bonds is AA or above, and the rating of short-term bonds is not lower than A-1; the issuer’s rating of private placement debt financing instruments is not lower than AA; the rating of asset-backed securities is not lower than AA (long-term)/A-1 (short-term), and only investment in senior asset-backed securities is allowed, and shall not invest in asset-backed securities with its managed products or usufructs as underlying assets; the number of single subject bonds invested in the plan shall not exceed 25% of the total size of the bonds issued; at cost, not more than 25% of the net assets of the plan; (2) bond repurchase: the funds balance of bond repurchase or bond reverse repurchase funds shall not exceed 100% of the net assets of the plan as of the previous day; (3) the total assets of the plan shall not exceed 200% of the net assets of the plan; (4) the investment of this assembled assets management plan in same assets other than bonds shall not exceed 25% of the net assets of the plan, nor shall it exceed 25% of such assets.

Listed Bond Investments

Name of the financial assets	Number of units held as at 30 June 2022 ('000)	Investment cost as at 30 June 2022 (RMB'000)	Fair value as at 30 June 2022 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2022 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2022
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	1,488	176,995	177,383	(415)	0.32%
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	1,411	144,766	136,576	(4,639)	0.25%
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	2,582	267,043	270,792	5,070	0.49%
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	1,645	196,577	197,274	(8,693)	0.35%
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	2,750	284,078	284,634	4,910	0.51%
PingAn Trust Co., Ltd. 平安信託有限責任公司 PingAn Trust JinYing No. 2 Sole Fund Trust* 平安信託津盈2號單一資金信託	2,258	264,824	266,541	3,311	0.48%
Shanghai Hesheng Asset Management Co., Ltd. 上海合晟資產管理股份有限公司 MingSheng No. 1 Private Investment Fund* 明晟1號私募投資基金	2,335	201,501	203,579	1,501	0.37%
Others	200	20,001	20,001	80	0.04%
Total		<u>1,555,785</u>	<u>1,556,780</u>	<u>1,125</u>	<u>2.80%</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 exchanges (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 exchanges 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 exchanges, 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 (“AMAC”). 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 AMAC; 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, money 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.

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 national debts 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 national debts, 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.

PingAn Trust Co., Ltd. (平安信託有限責任公司)

PingAn Trust JinYing No. 2 Sole Fund Trust* (平安信託津盈2號單一資金信託) is an assembled funds trust with fixed income, which selects appropriate fixed income assets in accordance with the approach to use the entrusted properties as stipulated in the trust agreement, so as to build an investment portfolio that realises a long term and stable appreciation for the assets. The trust invests in those varieties including: 1. fixed income varieties: national debts, central bank notes, financing bonds, local government bonds, corporate bonds, debentures, short-term financing bonds, ultra short-term financing bonds, medium-term notes, project revenue notes, private placement financing debt instruments, subordinated bonds of securities companies, subordinated bonds of commercial banks, hybrid capital bonds, bonds of other financial institutions, bonds of insurance companies, convertible bonds (including private placement), exchangeable bonds, interbank certificates of deposits, publicly listed securitisation products of corporate/trusted assets (excluding subordinated), asset-backed notes (excluding subordinated), each of which includes permanent varieties; 2. money market instruments, publicly offered funds and deposits instruments: negotiated deposits, interbank deposits, bond repurchases, money market funds and publicly offered debt funds; 3. derivatives: national bond futures and margin offsetting business of national debts on various futures exchanges; 4. guaranteed funds in the trust business: if the subscription of guaranteed funds is required by relevant laws, regulations, regulatory requirements and the relevant agreements of guaranteed funds, the trustee shall, in accordance with the relevant laws, regulations and the relevant agreement of guaranteed funds, dedicate part of the trust funds delivered by the principal to subscribe to the guaranteed funds as part of the investment portfolio of the trust property under the trust.

Shanghai Hesheng Asset Management Co., Ltd. (上海合晟資產管理股份有限公司)

MingSheng No. 1 Private Investment Fund* (明晟1號私募投資基金) realises long-term, continuous and stable appreciation for the assets of its clients under the premise of controlled risk. The fund deploys its assets with a top-down approach based on macro-economy analysis and changes in overall market valuation, aiming for higher returns with minimised market risks. The investment scope covers: 1. bonds and asset-backed securities (including subordinated tranche) issued and traded in domestic stock exchanges or interbank market, asset-backed notes (including subordinated tranche) issued and traded in interbank market, standardised notes traded in interbank bond market, securities repurchases, pledge-style quoted repurchase in domestic stock exchanges; 2. publicly-offered funds; 3. cash, bank deposits (including time deposits,

demand deposits, negotiated deposit, structured deposits and other bank deposits), financial investment products from bank and interbank certificates of deposits. The investment restrictions include: 1. the fund's total investment shall not contribute to more than 200% of its net investment amount; 2. the fund's investment portfolio is subject to the restrictions on investment ratios required by relevant laws and regulations or regulatory institutions.

Investment Funds

Name of the financial assets	Number of units held as at 30 June 2022 (<i>'000</i>)	Investment cost as at 30 June 2022 (<i>RMB'000</i>)	Fair value as at 30 June 2022 (<i>RMB'000</i>)	Realised investment income/(loss) for the six months ended 30 June 2022 (<i>RMB'000</i>)	Fair value to the total assets of the Group as at 30 June 2022
Shanghai QiuSheng Asset Management Co., Ltd.*					
上海秋晟資產管理有限公司					
QiuSheng Asset YanXi No. 1 Macro Hedging Private Equity Fund*					
秋晟資產言蹊1號宏觀對沖私募基金	172,872	176,406	145,316	602	0.26%
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	41,756	—	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	180,346	10,761	0.32%
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	30,453	30,962	32,371	47	0.06%
Value Partners Limited					
Value Partners Intelligent Funds — Chinese Mainland					
Focus Fund	108	65,128	50,030	—	0.09%

Name of the financial assets	Number of units held as at 30 June 2022 (<i>'000</i>)	Investment cost as at 30 June 2022 (<i>RMB'000</i>)	Fair value as at 30 June 2022 (<i>RMB'000</i>)	Realised investment income/(loss) for the six months ended 30 June 2022 (<i>RMB'000</i>)	Fair value to the total assets of the Group as at 30 June 2022
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. 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	49,243	57,565	48,874	(7,133)	0.09%
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	83,166	–	0.15%
Yanfu New Power Enhanced No. 1 Private Securities Investment Fund*					
衍複新動力增強一號私募證券投資基金	31,164	29,662	34,337	(338)	0.06%
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	16,429	23,547	30,142	(206)	0.05%
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	32,916	36,044	35,746	(9,742)	0.06%
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	31,620	–	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	36,702	–	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	9,282	9,196	8,346	(3,240)	0.02%
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	–	–	–	586	–

Name of the financial assets	Number of units held as at 30 June 2022 ('000)	Investment cost as at 30 June 2022 (RMB'000)	Fair value as at 30 June 2022 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2022 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2022
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	63,316	59,999	61,404	(1)	0.11%
Shenzhen Bishuo Asset Management Co., Ltd.*					
深圳碧燦資產管理有限公司					
Bishuo ChangYuan No. 5 Private Securities Investment Fund*					
碧燦長遠五號私募證券投資基金	-	-	-	(9,216)	-
Bishuo JiaTai Private Securities Investment Fund*					
碧燦嘉泰私募證券投資基金	20,912	38,813	54,119	-	0.10%
Others	3,348	7,183	3,985	(1,292)	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	105	13,526	13,400	(1,688)	0.02%
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	48,478	1,095	0.09%
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	54,800	-	0.10%
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	-	-	-	(5,351)	-
Ningbo GuanShi Investment Management Company Limited*					
寧波觀石投資管理有限公司					
Ningbo GuanShi ShunShi No. 2 Private Securities Investment Fund*					
寧波觀石順時2號私募證券投資基金	48,685	50,000	50,682	-	0.09%
Ningbo GuanShi ShunShi No. 15 Private Securities Investment Fund*					
寧波觀石順時15號私募證券投資基金	136,986	50,000	51,370	-	0.09%

Name of the financial assets	Number of units held as at 30 June 2022 ('000)	Investment cost as at 30 June 2022 (RMB'000)	Fair value as at 30 June 2022 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2022 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2022
Shanghai Ruitian Investment LLC.					
上海銳天投資管理有限公司					
Ruitian Standard 300 Index Enhanced No. 1 Private Securities Investment Fund*					
銳天標準300指數增強1號私募證券投資基金	29,297	30,000	32,608	–	0.06%
Derivatives CHINA					
深圳市衍盛資產管理有限公司					
Derivatives Index Enhanced No. 1 Private Investment Fund*					
衍盛指數增強1號私募投資基金	19,881	30,000	34,453	–	0.06%
Shanghai LanXi Asset Management Co., Ltd.*					
上海瀾熙資產管理有限公司					
LanXi Arbitrage No. 2 Private Securities Investment Fund*					
瀾熙套利二號私募證券投資基金	19,960	20,000	19,411	–	0.03%
Shanghai Xuanling Asset Management Co., Ltd.					
上海懸鈴私募基金管理有限公司					
Xuanling No. C Private Fund*					
懸鈴C號私募基金	20,703	24,752	25,624	(248)	0.05%
Tsingtao Stone Asset Management Co., Ltd.					
青島青石資產管理有限公司					
Stone YingSheng No. 3 Private Securities Investment Fund*					
青石盈升三號私募證券投資基金	22,329	25,000	25,045	–	0.05%
Nanjing Shengquan Hengyuan Investment Co., Ltd.					
南京盛泉恒元投資有限公司					
Shengquan Hengyuan Multi-strategy Quantitative Hedging No. 2 Fund*					
盛泉恒元多策略量化對沖2號基金	12,391	30,000	30,875	–	0.06%
Beijing Ren Bridge Asset Management Co., Ltd.					
仁橋(北京)資產管理有限公司					
Ren Bridge JinXuanZeYuan Phase 11 Private Securities Investment Fund*					
仁橋金選澤源11期私募證券投資基金	40,469	40,000	42,764	–	0.08%
Wisdomshire Asset Management Co., Ltd.					
上海睿郡資產管理有限公司					
Wisdomshire JinSheng Private Securities Investment Fund*					
睿郡津晟私募證券投資基金	50,000	50,000	51,500	–	0.09%

Name of the financial assets	Number of units held as at 30 June 2022 (‘000)	Investment cost as at 30 June 2022 (RMB‘000)	Fair value as at 30 June 2022 (RMB‘000)	Realised	Fair value to
				investment income/(loss) for the six months ended 30 June 2022 (RMB‘000)	the total assets of the Group as at 30 June 2022
Shanghai Liangpai Investment Management Co., Ltd.					
上海量派投資管理有限公司					
Liangpai 300 Enhanced No. 2 Private Securities Investment Fund*					
量派300增強2號私募證券投資基金	30,300	30,000	32,363	–	0.06%
Others	37,129	89,143	91,811	(871)	0.17%
Total		<u>1,534,056</u>	<u>1,503,444</u>	<u>(26,235)</u>	<u>2.70%</u>

Note:

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

Investment strategies of investment funds

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

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

development expense, etc., it seeks equity targets having product price bargaining power, production cost competitive advantages or having relatively higher development potential.

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, money 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.

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. 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 or 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 or 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 or 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 or Shenzhen stock exchanges, preferred stocks issued and listed on the Shanghai or Shenzhen stock exchanges, bonds issued and traded on the Shanghai or 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 exchanges, 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 or Shenzhen stock exchanges 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.

Yanfu New Power Enhanced No. 1 Private Securities Investment Fund* (衍複新動力增強一號私募證券投資基金) aims for stable investment returns under the premise of controlled risks. The investment scope covers: stocks issued and listed domestically in accordance to laws (including those on the Shanghai Stock Exchange Sci-Tech Innovation Board Market), new share subscriptions (including those on the Shanghai Stock Exchange Sci-Tech Innovation Board Market), exchange-traded bonds, publicly offered securities investment funds, pledge-style repurchases of stocks, bond repurchases, bond reverse repurchases, financing options, commodity options, margin trading and short selling, refinancing securities lending, exchange-traded options, returns swaps or over-the-counter options with securities companies or futures companies or futures companies' subsidiaries specific for risk management as counterparties, money market funds, cash, bank deposits, interbank certificates of deposits, asset management plans for cash management, exchange-traded and asset-backed securities, asset-backed notes, fixed income securities of securities companies, warrants and others, The investment restrictions include: 1 the fund's total assets shall not contribute to more than 200% of the fund's net assets; 2. the fund shall not invest in subordinated/inferior shares (excluding publicly offered funds) from structured financial products (including securitisation products); 3. the fund shall not held over-the-counter derivatives that in aggregate contribute to more than 50% of the fund's net assets; 4. the fund shall not participate in non-public stock exchange offerings; 5. in case of new shares subscription, the fund shall not apply for an amount exceeding its total assets, and the number of shares applied shall not exceed the total shares to be issued by the company of the proposed shares issuance; 6. the fund shall not held any individual stock in an amount, based on costs, contribute to more than 20% of the fund's net assets; 7. the fund shall not held any individual listed stock in an amount contribute to more than 4.99% of the relevant listed company's total equity; 8. the fund shall not held national debts option contracts in an aggregate amount contribute to more than 300% of the fund's net assets; 9. the fund shall not held commodity option contracts in an aggregate amount contribute more than 300% of the funds net assets; 10. the fund shall not held ST, *ST, S, SST and S*ST shares in a position, based on the higher of their purchasing costs and market values, contribute to more than 4.99% of the funds net assets.

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 exchanges, 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 AMAC 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 or 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 AMAC, 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 inferior 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 or 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 exchanges, 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 exchanges 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 exchanges (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 exchanges, preference shares issued and traded on the Shanghai or Shenzhen stock exchanges, 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 exchanges 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 exchanges (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, 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 AMAC 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 inferior 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 exchanges (including new shares subscriptions), stocks within the scope of Southbound Trading, preference shares issued and traded on the Shanghai or Shenzhen stock exchanges, bond reverse repurchases, cash, bank deposits, margin trading and short selling, options and futures listed on the Shanghai or Shenzhen stock exchanges 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)

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, money 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. the fund shall not hold basic layer and innovative layer stocks with the aggregate amount exceeding 20% of the fund's net assets; 4. cannot invest in those prohibited or restricted by the laws and regulations or the CSRC.

Bishuo JiaTai Private Securities Investment Fund* (碧燦嘉泰私募證券投資基金) aims to create stable profits and returns for the fund's investors under the premise of strict control of investment risks. The investment scope covers: 1. stocks issued and listed domestically in accordance with laws, stocks of companies listed on and traded in the NEEQ (NEEQ stocks), depository receipts, securities issued by the Hong Kong Stock Exchange and other overseas exchanges to which domestic investors are allowed by regulatory bodies to invest in, publicly offered securities investment funds, bonds and different types of fixed income varieties (including but not limited to national debts, central bank notes, financing bonds, local government bonds, corporate bonds, debentures, convertible bonds, exchangeable bonds, detachable convertible bonds, private placement bonds of small to medium enterprises, subordinated bonds, medium-term bills, short-term financing bonds, ultra short-term financing bonds, interbank certificates of deposits, private placement financing debt instruments and other), asset-backed securities, asset-backed notes, money market instruments (money market funds, asset management plans for cash management and others), repurchases and reverse repurchase, margin trading and short selling, refinancing, futures, exchange-traded options, over-the-counter options, warrants, returns swaps, other standardised trading products traded on trading venues approved by the State Council and other standardised trading products recognised by other regulatory bodies; and 2. private financial products: trust plans, asset management plans of securities companies and their subsidiaries for asset management, asset management plans of funds companies and their subsidiaries, asset management plans of insurance companies and their subsidiaries, asset management plans of futures companies and their subsidiaries, and private equity investment funds issued by private fund management institutions and managed by custodians. The investment portfolio of the fund's assets is subject to the following restrictions: 1. the fund shall not invest in a single money market fund with an amount, based on market value, contribute to more than 100% of the fund's total assets; 2. the fund's total assets shall not contribute to more than 200% of its net assets; 3. the fund shall not hold basic layer and innovative layer stocks with the aggregate amount exceeding 20% of the fund's net assets, calculated by costs; and 4. it shall not invest in items that prohibited or restricted to invest under the requirements of laws, regulations and 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.

Ningbo GuanShi Investment Management Company Limited (寧波觀石投資管理有限公司)*

Ningbo GuanShi ShunShi No. 2 Private Securities Investment Fund* (寧波觀石順時2號私募證券投資基金) and Ningbo GuanShi ShunShi No. 15 Private Securities Investment Fund* (寧波觀石順時15號私募證券投資基金) aims to create stable profits and returns for the fund's investors under the premise of rigid control of investment risks. The fund invests in: 1. stocks issued and listed domestically in accordance to laws (including those on, among others, the Main Board, Small and Medium Enterprise Board, Growth Enterprise Market, Shanghai Stock Exchange Sci-Tech Innovation Board Market, but excluding those on NEEQ), CDR, securities in the Hong Kong Stock Exchange, London Stock Exchange and other stock exchanged to which domestic investors are allowed to invest in by the CSRC (including but not limited to those through Southbound Trading, Bond Connect and Shanghai-London Stock Connect, subject to the trading name under which it operates), publicly offered securities investment funds (including listed open-ended Fund (LOF), exchange traded fund (ETF), closed-end funds, open-ended funds, structured funds and others), bonds and other types of fixed income instruments (including but not limited to national debts, central bank notes, financial bonds, local

government bonds, debentures, corporate bonds, convertible bonds, exchangeable bonds, convertible bonds with detachable warrants, private placement bonds of small to medium enterprises, subordinated bonds, medium-term notes, short-term financing bonds, ultra-short-term financing bonds, interbank certificates of deposits, private placement financing debt instruments and others), asset-backed securities, asset-backed notes, money market instruments (money market funds, asset management plans for cash management and others), repurchases and reverse repurchases, futures (stock index futures, commodity futures, national debt futures and others), exchange-traded options (including but not limited to individual stock options, ETF options, commodity options and others) and warrants; 2. private financial products: trust schemes, asset management schemes of securities companies and their asset management subsidiaries, asset management schemes of fund managers and their subsidiaries, asset management schemes of insurance companies and their subsidiaries, asset management schemes of futures companies and their subsidiaries, private securities investment funds issued by private fund management institutions and managed by custodians (including private securities investment funds issued by fund managers).

Shanghai Ruitian Investment LLC. (上海銳天投資管理有限公司)

Ruitian Standard 300 Index Enhanced No. 1 Private Securities Investment Fund* (銳天標準300指數增強1號私募證券投資基金) aims to build a investment portfolio based on in-depth research, so as to achieve long-term and stable investment returns under the premise of rigid control of investment risks. The investment scope covers stocks issued and listed on the Shanghai or Shenzhen stock exchanges (including subscription of new shares), stocks within the scope of Stock Connect for Southbound Trading, preference shares issued and listed on stock exchanges, bonds issued and traded in the Shanghai or Shenzhen stock exchanges or interbank market, income certificates of securities companies, bonds reverse repurchases, bonds repurchases, cash, bank deposits, interbank certificates of deposits, margin trading and short selling, refinancing securities lending, options and futures, listed on stock exchanges and futures exchanges, publicly offered funds and wealth management products of banks. The fund's investment portfolio is subject to the following restrictions: 1. the fund shall not invest in the subordinated/inferior shares (excluding publicly offered funds) of structured financial products; 2. the fund's total assets shall not contribute to more than 200% of its net assets; 3. the fund shall not participate in the subscription of non-public issued shares in stock exchange; and 4. the balance of capital injection from bonds repurchases the fund held shall not exceed 100% of the fund's net assets.

Derivatives CHINA (深圳市衍盛資產管理有限公司)

Derivatives Index Enhanced No. 1 Private Investment Fund* (衍盛指數增強1號私募投資基金) aims to structure its investment portfolio based on in-depth researches. It seeks for long-term and stable investment returns under the premise of rigid risk control. The fund invests by an enhanced index strategy, which employs quantified model to choose from an index a basket of stocks with high probability to outperform the index in profits within a period of time in the future, so as to realise returns higher than that of the index. The investment scope covers: (1) stocks, options, bonds, traded in the Shanghai Stock Exchange and Shenzhen Stock Exchange, bond repurchases, bond reverse repurchases and other financial products; (2) stocks traded through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect; (3) futures, option products and other financial products listed on and traded in the China Financial Futures Exchange, Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange, Shanghai International Energy Exchange and other institutions; (4) financial products listed in and traded in interbank market; (5) central bank notes; (6) financial products listed on and traded in the Shanghai Gold Exchange; (7) margin trading and short selling; (8) refinancing securities lending; (9) wealth management products from banks, bank deposits, cash, money market funds; (10) fixed income securities issued by securities companies; and (11) investment funds for publicly offered securities. The fund's total assets shall not contribute to more than 200% of the fund's net assets during its existence.

Shanghai LanXi Asset Management Co., Ltd. (上海瀾熙資產管理有限公司)*

LanXi Arbitrage No. 2 Private Securities Investment Fund* (瀾熙套利二號私募證券投資基金) structures its investment portfolio based on in-depth researches. It seeks for long-term and stable investment returns under the premise of rigid risk control. The investment scope covers: stocks traded in stock exchanges (including but not limited to the subscription of new shares, preference shares, non-publicly offered shares of listed companies), securities (including but not limited to stocks, bonds, depositary receipts and others) allowed for investment under the Connect Arrangement of the Domestic and Overseas Securities Markets (境內與境外證券市場互聯互通機制), depositary receipts traded in stock exchanges, bonds traded in stock exchanges or interbank market, asset-backed securities traded in stock exchanges or interbank market, asset-backed notes and standardised notes traded in interbank market, fixed income securities of securities companies, bond reverse repurchases, pledge-style quoted repurchase in stock exchanges, cash, bank deposits, interbank certificates of deposits, margin trading and short selling, refinancing securities lending, derivatives traded in stock exchanges and futures exchanges (including but not limited to futures, options, warrants and others), contract varieties traded in 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 securities companies/futures companies/banks and their subsidiaries as counterparties only, public offered funds, wealth management

products from banks, trust schemes, asset management schemes of securities companies and their subsidiaries, asset management schemes of insurance companies and their subsidiaries, asset management schemes of future companies and their subsidiaries, asset management schemes of fund managers and their subsidiaries, private investment funds issued by private securities investment fund managers who are shown as registered on the website of the AMAC. The fund is subject to the following restrictions: 1. the fund shall not invest in private funds entrusted to an institution without the qualification to custody securities investment funds; 2. the fund shall not invest in subordinated/inferior shares from structured financial products (including securitisation products); 3. the fund's total assets shall not contribute to more than 200% of the fund's net assets; 4. the funds shall not held depositary receipts that in aggregate, based on the market values, contribute more than 100% of the fund's net assets.

Shanghai Xuanling Asset Management Co., Ltd. (上海懸鈴私募基金管理有限公司)

Xuanling No. C Private Fund* (懸鈴C號私募基金) aims to realise stable appreciation for the fund's assets under the premise of rigid risk control. The investment scope covers stocks listed on and traded in domestic stock exchanges, bonds, preference shares, securities repurchases, deposits, public offered securities investment funds (including structured fund B), futures, exchange-traded options, warrants, asset-backed securities, fixed income securities of securities companies, returns swaps and over-the-counter options. The fund may participate in margin trading and short selling, Stock Connect for Southbound Trading transactions, subscription of new shares, subscription of new bonds, and may also utilise its holding securities as underlying of short sale lending to securities finance companies. The fund may invest in asset management plans of securities companies, asset management plans of futures companies, wealth management products from banks, contractual private investment funds issued by private securities investment fund managers who are registered with the AMAC and entrusted to institutions with qualification to custody securities investment funds, or those provided with comprehensive private equity fund services by institutions with relevant qualifications. It may also invest in the inferior shares of the above products.

Tsingtao Stone Asset Management Co., Ltd. (青島青石資產管理有限公司)

Stone YingSheng No. 3 Private Securities Investment Fund* (青石盈升三號私募證券投資基金) aims to realise stable investment returns based on in-depth researches, taken full considerations of the trends in macro-economy and the market, and under the premise of rigid risk control. The investment scope covers varieties (i.e., stocks, preference shares and warrants) listed on and traded in the Shanghai or Shenzhen stock exchanges, bonds, securities repurchases, deposits, publicly offered securities investment funds (including structured fund B), futures, exchange-traded options, asset-backed securities issued on exchanges and interbank market, fixed income securities of securities companies, returns swaps and over-the-counter options. The fund may participate in margin trading and short selling, Stock Connect for Southbound Trading transactions, subscription of new shares, and may also utilise its holding securities as underlying of short sale lending to

securities finance companies. The fund may invest in asset management plans of securities companies, asset management plans of futures companies, wealth management products from banks, contractual private investment funds issued by private securities investment fund managers who are registered with the AMAC and entrusted to institutions with qualification to custody securities investment funds, or those provided with comprehensive private equity fund services by institutions with relevant qualifications. It may also invest in the inferior shares of the above products.

Nanjing Shengquan Hengyuan Investment Co., Ltd. (南京盛泉恒元投資有限公司)

Under the premise rigid risk control, Shengquan Hengyuan Multi-strategy Quantitative Hedging No. 2 Fund* (盛泉恒元多策略量化對沖2號基金) employs a market neutral strategy to realise long-term and stable absolute profits with low risks and high liquidity. The investment scope covers: (1) cash management varieties: cash, bank deposits, monetary-based and short-term wealth management plans of banks, national debts reverse repurchases, money market funds, cash management products from securities dealer and others; (2) equity varieties: stocks listed on exchanges (including subscription of new shares, subscription of additional shares in public offering and others), securities investment funds and stocks in the Hong Kong Stocks Exchange allowed for investment through Shanghai Connect and Shenzhen Connect; (3) fixed income varieties: national debts, financial bonds, corporate bonds, debentures, subordinated bonds, central bank notes, medium-term notes, convertible bonds (including those with detachable warrants), exchangeable bonds (including those privately offered), asset-backed securities, private bonds of small to medium enterprises, bond repurchases, bond reverse repurchases, bond-based securities investment bonds and others; (4) derivatives: stock index futures and national bond futures listed on the China Financial Futures Exchange, shares options, stock index options and over-the-counter options listed on the Shanghai Futures Exchange, Dalian Commodity Exchange, Zhengzhou Commodity Exchange and other institutions, margin trading and short selling, warrants, returns swaps issued by licensed financial institutions, QDII securities investment funds and others; (5) others: various precious metals on the Shanghai Gold Exchange, refinancing (including securities lending), asset management plans of securities companies, asset management plans of futures companies, wealth management plans from commercial banks, asset management plans of fund companies and subsidiaries of fund companies, trust plans, private fund products issued by entities with the qualification of private fund manager, and other financial products approved by the CSRC. The investment restrictions include: (1) the fund shall not invest in a single bond with an amount exceeding 30% of the overall issued amount of such bond; (2) the fund shall not invest in a single bond with an amount, based on costs, exceeding 30% of the fund's net assets; (3) the fund shall not invest in a single stock with an amount exceeding 20% of the total issued amount of such stock; (4) the fund shall not invest in a single stock with an amount, based on costs, exceeding 20% of the fund's net assets; (5) the margin invested in futures shall not exceed 50% of the fund's net assets; (6) the margin invested in options shall not exceed 30% of the fund's net assets; (7) the fund shall not held futures contracts in a position that, not based on netting, have an aggregate value exceeding 0-600% of the fund's net

assets, and shall not held futures contracts in a position that, based on netting, have an aggregate value exceeding -300%–300% of the fund’s net assets; (8) stocks from the Small and Medium Enterprise Board shall contribute to the fund’s net assets within the range of 0–30%, stocks from the Growth Enterprise Market shall contribute to the fund’s net assets within the range of 0–20%, and stocks from the Main Board shall contribute to the fund’s net assets within the range of 0–50%; and (9) other restrictions on investment required by laws, regulations, CSRC, the fund managers and the fund custodians.

Beijing Ren Bridge Asset Management Co., Ltd. (仁橋(北京)資產管理有限公司)

Ren Bridge JinXuanZeYuan Phase 11 Private Securities Investment Fund* (仁橋金選澤源11期私募證券投資基金) constructs investment portfolios based on in-depth research and seeks to achieve long-term stable investment returns under the premise of strict control of investment risks. The investment scope includes: (1) stocks issued and listed on the Shanghai or Shenzhen stock exchanges, stock/hybrid publicly offered funds, and stocks within the scope of Stock Connect for Southbound Trading; (2) bonds traded on the stock exchange and in the interbank market (including only national debts, financial bonds, corporate bonds, debentures, convertible bonds, and exchangeable bonds), repurchases and reverse repurchases of bonds traded on the stock exchange and in the interbank market, and publicly offered bond funds; (3) cash, bank deposits, money market funds; (4) options and futures listed on stock exchanges and futures exchanges, margin trading and short selling; (5) income swaps traded only with China International Capital Corporation Limited or China CICC Wealth Management Securities Company Limited as counterparty, over-the-counter options traded only with China International Capital Corporation Limited or China CICC Wealth Management Securities Company Limited as counterparty. Investment portfolio of the fund’s properties shall be subject to the following restrictions: 1. the fund shall not invest in subordinated/inferior shares of structured financial products; 2. the maximum maturity of bond pledged repurchase and outright repurchase shall not exceed 365 days; 3. the balance of the fund’s participation in bond repurchase shall not exceed 100% of the net assets on the previous trading day; 4. the fund’s holding of a single tranche of shares, at cost and market value, shall not exceed 30% of the fund’s net asset value; 5. the fund shall not invest in ST, *ST, S, SST, S*ST, or delisted restructuring period stocks; 6. the fund shall not hold more than 4.99% of the total share capital of a listed company and 10% of the outstanding share capital of the company; 7. the fund’s the investment in non-public issued shares in stock exchange, at investment cost, shall not exceed 20% of the net asset value of the fund; 8. the fund’s holding of a single tranche of public securities investment fund, at cost, shall not exceed 20% of the net asset value of the fund, and shall not exceed 20% of the net asset value of the publicly offered fund as at the end of trading day; 9. the aggregate of the principal balance of the financing borrowing and the market value of the securities sold through financing bonds shall not exceed 150% of the net asset value of the fund; the market value of financing bonds sold shall not exceed 100% of the net asset value of the fund; 10. the fund shall not invest in asset management products other than publicly offered funds; the ratio of the total value of the fund’s assets to the net asset value of the fund shall not exceed 200%.

Wisdomshire Asset Management Co., Ltd. (上海睿郡資產管理有限公司)

Wisdomshire JinSheng Private Securities Investment Fund* (睿郡津晟私募證券投資基金) aims to build an investment portfolio based on in-depth research striving for solid investment returns. The fund invests mainly in Class B shares of “Wisdomshire No. 5 Private Securities Investment Fund* (睿郡5號私募證券投資基金)” issued by Wisdomshire Asset Management Co., Ltd. The investment scope of “Wisdomshire No. 5 Private Securities Investment Fund” covers: 1. domestic legally issued and listed stocks, new shares subscriptions, publicly-offered securities investment funds; 2. bonds, bond reverse repurchases and other fixed income financial products; 3. bond repurchases; 4. stock index futures, national debt futures, over-the-counter options; 5. cash financial products, including cash, monetary funds directly offered by Aegon-Industrial Fund and monetary funds distributed by Industrial Securities, assembled cash wealth management products of securities firms distributed by Industrial Securities and exchange-traded monetary funds; 6. margin trading and short selling, investments in HKEX-listed securities through Stock Connect for Southbound Trading; 7. securities investment financial products issued by Industrial Securities and its asset management subsidiaries, Aegon-Industrial Fund, GTS Fund and its subsidiaries, Industrial Securities Futures and its subsidiaries, China Industrial International Trust and its subsidiaries, and the manager of this private equity fund; 8. brokerage income certificates and fixed income insurance asset management products managed by Ping An Asset Management Co., Ltd. The fund’s total assets shall not exceed 200% of its net assets. The investment restrictions of “Wisdomshire No. 5 Private Securities Investment Fund” are as follows: 1. the single tranche of shares (except for ChiNext stocks) held by the fund shall not exceed 30% of the total assets of the fund in terms of acquisition cost (excluding new shares subscriptions); 2. the single tranche of shares listed in ChiNext held by the fund shall not exceed 20% of the total assets of the fund in terms of acquisition cost (excluding new shares subscriptions); 3. investment in ST, *ST, SST and S*ST stocks shall not exceed 5% of the fund’s total assets; 4. the sum of the purchase premium and sale margin of the option shall not exceed 20% of the fund’s total assets; 5. the fund shall not invest in non-standard assets of companies quoted on the NEEQ, and those traded in the non-interbank market and stock exchange market and assets which are prohibited from investment by laws and regulations; 6. the fund shall not be used for investments that may involve unlimited liability, or for borrowed funds, loans, secured financing or external guarantees; 7. the fund’s investment in over-the-counter monetary funds is limited to the monetary funds directly offered by Aegon-Industrial Fund and monetary funds distributed by Industrial Securities, and the fund’s investment in collective cash

wealth management products of securities firms is limited to the collective cash wealth management products of securities firms distributed by Industrial Securities; 8. the securities investment financial products issued by Industrial Securities and its asset management subsidiaries, Aegon-Industrial Fund, GTS Fund and its subsidiaries, Industrial Securities Futures and its subsidiaries, China Industrial International Trust and its subsidiaries and the manager of this private equity fund shall have been or stands ready to be registered and arranged for entrustment with the AMAC and as required, and shall not exceed 20% of its net assets; 9. the fund's total assets shall not exceed 200% of its net assets; 10. the fund's investment in debt assets shall not exceed 80% of the fund's total assets in terms of investment cost; 11. the fund's investment in equity assets (including stocks, preferred stocks, equity mutual fund, stocks under Shanghai-Hong Kong Stock Connect, Shenzhen-Hong Kong Stock Connect, new shares subscriptions and convertible bonds/exchangeable bonds, which are not subject to this restriction) shall not exceed 80% of the fund's total assets in terms of investment cost; 12. the total capital interest in the futures fund account and options account opened by the fund for holding commodity futures, financial futures and options (listed on stock exchanges) shall not exceed 80% of the fund's total assets.

Shanghai Liangpai Investment Management Co., Ltd (上海量派投資管理有限公司)

Liangpai 300 Enhanced No. 2 Private Securities Investment Fund* (量派300增強2號私募證券投資基金) aims to identify a stock pool as the best choice to achieve long-term, sustainable and stable appreciation of clients' assets. The fund's investment scope includes instruments listed and traded on the Shanghai or Shenzhen stock exchanges (i.e. stocks, depositary receipts, preferred shares and warrants), bonds, securities repurchases, deposits, publicly-offered securities investment funds (excluding structured fund B), futures, exchange-traded options, standardised notes traded in the interbank bond market, asset-backed securities and asset-backed notes listed on the exchanges or the interbank market (but excluding subordinated ones), income certificates of securities companies, return swaps and over-the-counter options. 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 asset management schemes of securities companies, asset management schemes of futures companies, bank wealth management products, contractual private investment funds issued by private securities investment fund managers who are registered with the AMAC 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 inferior share of the abovementioned products. The fund is subject to the following investment proportions and investment restrictions: 1. the market value of the funds' investment in depositary receipts listed and traded on the Shanghai or Shenzhen stock exchanges shall account for 0%–90% of the funds' total assets; 2. the market value of cash securities assets shall not exceed 40% of the fund's net assets.

Listed Equity Interests

Name of the financial assets	Number of units held as at 30 June 2022 ('000)	Investment cost as at 30 June 2022 (RMB'000)	Fair value as at 30 June 2022 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2022 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2022
China Risun Group Limited	approximately 97.09 million shares	170,560	280,629	6,252	0.50%
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	11,109	32,051	56,544	3,222	0.10%
Daqin Railway Co., Ltd. 大秦鐵路股份有限公司	1,550	10,332	10,214	–	0.02%
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	263	5,381	5,753	(2,006)	0.01%
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	532	4,143	4,189	(6,164)	0.01%
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	1,381	40,936	43,646	(6,603)	0.08%
Shenzhen Bishuo Assets Management Co., Ltd.* 深圳碧燦私募證券基金管理有限公司 Bishuo ChangYuan No. 7 Private Securities Investment Fund* 碧燦長遠七號私募證券投資基金	3,776	47,341	50,168	–	0.09%
CSC Financial Co., Ltd. 中信建投證券股份有限公司 China Vanke Co., Ltd. 萬科企業股份有限公司	1,000	17,988	20,500	–	0.04%
Poly Developments and Holdings Group Co., Ltd. 保利發展控股集團股份有限公司	1,000	15,615	17,460	–	0.03%
Others¹	5,432	100,660	104,094	(5,585)	0.19%
Total		<u>445,007</u>	<u>593,197</u>	<u>(10,884)</u>	<u>1.07%</u>

Note:

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

Investment strategies of listed equity interests

China Risun Group Limited (“Risun Group”)

During the year ended 31 December 2018, the Company subscribed for approximately 24.80 million shares of Risun Group, representing approximately 2.58% of its enlarged registered capital, at a cash consideration of approximately RMB128 million. During the year ended 31 December 2021 and the six months period ended 30 June 2022, the Company further acquired 7.50 million shares and 2.01 million shares respectively of Risun Group from the open market on the exchange, representing approximately 0.17% and 0.05% of its registered share capital. As at 30 June 2022, the Company held approximately 2.19% of the registered capital of Risun Group. Risun Group was incorporated in 1995. It is a large scale enterprise group with principal business of manufacturing, and domestic and foreign trading of coal chemical products. It is a leading enterprise in China’s coke and coal chemicals, also being one of the major suppliers of coke of the Group. Risun Group was listed on Main Board of the Stock Exchange on 15 March 2019 with stock code 1907. During the six months ended 30 June 2022, there was dividend income of approximately RMB6.3 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 and the six months period ended 30 June 2022, the Group acquired shares of Valin Steel, a company listed on the Shenzhen Stock Exchange (stock code: 000932), directly from the open market on the exchange as equity investment. As at 30 June 2022, the shares of Valin Steel held by the Group represented approximately 0.16% 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 25.57 million tonnes of steel in 2021, an increase of 1.65% year-on-year. During the six months ended 30 June 2022, there was dividend income of approximately RMB3.2 million received from Valin Steel, which is classified as realised investment income.

During the six months period ended 30 June 2022, the Group acquired the shares of Daqin Railway Co., Ltd. (“**Daqin Railway**”) (大秦鐵路股份有限公司) directly from the open market on the exchange as equity investment. Daqin Railway is listed on the Shanghai Stock Exchange (stock code: 601006). As at 30 June 2022, the number of shares of Daqin Railway held by the Group represented less than 1% of its issued shares. Daqin Railway is principally engaged in the railway passenger and freight transport business, and also provides services to other railway transportation enterprises in the PRC. The company mainly transports thermal coal for export from regions including Shanxi Province, Inner Mongolia, Shaanxi Province, etc.. Other transported products include commodities such as coke, steel and ore, as well as containerized and bulk cargo. During the six months ended 30 June 2022, there was no dividend income received from Daqin Railway.

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 or 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 or Shenzhen stock exchanges, preference stocks issued and traded on the Shanghai or Shenzhen stock exchanges, bonds issued and traded on the Shanghai or Shenzhen stock exchanges or in the interbank market, asset-backed securities issued and traded on the Shanghai or 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 or Shenzhen stock exchanges and Futures Exchange, options listed on the Shanghai or 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 or 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.

Shenzhen Bishuo Assets Management Co., Ltd. (深圳碧燦私募證券基金管理有限公司)*

Bishuo ChangYuan No. 7 Private Securities Investment Fund* (碧燦長遠七號私募證券投資基金) strives to generate stable income and returns for fund investors under the premise of strict control of investment risks. The scope of investment includes: 1. stocks issued and listed domestically in accordance to the laws, stocks of companies listed and traded on the NEEQ, depositary receipts, securities issued by the Hong Kong Stock Exchange and various overseas exchanges permitted by the regulatory authorities for investment by domestic investors, public securities investment funds, bonds and various fixed-income products (including but not limited to national debts, central bank notes, financial bonds, local government bonds, debentures, corporate bonds, convertible bonds, exchangeable bonds, separately traded convertible bonds, private placement bonds of small and medium-sized enterprises, subordinated bonds, medium-term notes, short-term financing notes, ultra-short-term financing notes, interbank certificates of deposit, private placement debt financing instruments, etc.), asset-backed securities, asset-backed notes, money market instruments (money market funds, cash management asset management plans, etc.), repurchases and reverse repurchases, bond pledged repurchases, 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 plans, asset management plans of securities companies and their subsidiaries, asset management plans of fund companies and their subsidiaries, asset management plans of insurance companies and their subsidiaries, asset management plans of futures companies and their subsidiaries, private securities investment funds issued by private equity fund management institutions and managed by fund custodians (including private equity investment funds issued by fund managers). 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 shall not hold basic layer and innovative layer stocks with the aggregate amount exceeding 20% of the fund's net assets; 3. cannot invest in those prohibited or restricted by the laws and regulations or the CSRC.

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

In 2022, the Group made direct short-term equity investments on the stock exchange to acquire shares of individual listed companies with competitive advantages in the real estate-related industry and with relatively attractive stock prices. The major investment targets included companies listed on the A-share market in the PRC, such as China Vanke Co., Ltd.* (“**Vanke**”) (萬科企業股份有限公司) and Poly Developments and Holdings Group Co., Ltd. (“**Poly Developments**”) (保利發展控股集團股份有限公司).

During the six months ended 30 June 2022, the Group acquired shares of Vanke, a company listed on the Shenzhen Stock Exchange (stock code: 000002), directly from the open market on the exchange as an equity investment. As at 30 June 2022, the number of shares held by the Group in Vanke accounted for less than 1% of its issued shares. Vanke is one of the largest property developers in the PRC, principally engaging in the business of residential development and property services, logistics and warehousing services, rental housing, commercial development and operation, standard office and industrial parks, hotels and resorts, education and food, etc..

During the six months ended 30 June 2022, the Group acquired shares of Poly Developments, a company listed on the Shanghai Stock Exchange (stock code: 600048), directly from the open market on the exchange as an equity investment. As at 30 June 2022, the number of shares held by the Group in Poly Developments accounted for less than 1% of its issued shares. Poly Developments is a leading enterprise in the real estate industry, principally engaging in real estate development and sales. It has also built a real estate ecological platform covering property services, territorial management, sales agency, commercial management and real estate finance on this basis. Poly Developments has been ranking top five in the industry and first among the central enterprises for many years. In 2021, Poly Developments ranked 201st in the world by Forbes and among the top three leading brands in the industry.

During the six months ended 30 June 2022, there was no dividend income received from Vanke and Poly Developments.

Bond Market Funds

Name of the financial assets	Number of units held as at 30 June 2022 ('000)	Investment cost as at 30 June 2022 (RMB'000)	Fair value as at 30 June 2022 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2022 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2022
Prudence Investment Management (Hong Kong) Limited					
Prudence Enhanced Income Fund	25	137,934	147,945	–	0.27%
China Universal Asset Management Company Limited					
匯添富基金管理股份有限公司					
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	61,729	–	0.11%
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	150,974	–	0.27%
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	–	–	–	22	–
ChinaAMC Bond Investment Fund*					
華夏債券投資基金	75,328	100,000	98,453	–	0.18%
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	96,949	–	0.17%
Da Cheng JingYou Medium-Short Term Bond Securities Investment Fund*					
大成景優中短債債券型證券投資基金	131,439	149,998	143,045	7,227	0.26%
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	93,820	1,494	0.17%
Lombarda China FengLi Bond Securities Investment Fund*					
中歐豐利債券型證券投資基金	49,999	50,000	49,954	–	0.09%
E Fund Management (HK) Co., Ltd. and E Fund Management Co., Ltd.					
易方達資產管理(香港)有限公司及易方達基金管理有限公司					
E Fund (HK) Asia High Yield Bond Fund	438	31,962	25,112	–	0.05%
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	39,412	–	0.07%
E Fund FengHe Bond Securities Investment Fund*					
易方達豐和債券型證券投資基金	37,064	50,000	50,143	–	0.09%

Name of the financial assets	Number of units held as at 30 June 2022 ('000)	Investment cost as at 30 June 2022 (RMB'000)	Fair value as at 30 June 2022 (RMB'000)	Realised investment income/(loss) for the six months ended 30 June 2022 (RMB'000)	Fair value to the total assets of the Group as at 30 June 2022
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					
	-	-	-	(4,808)	-
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	100,491	78	0.18%
Bosera Asset Management Company Limited					
博時基金管理有限公司					
Bosera China Bond 1-3 Years China Development Bank Bond Index Securities Investment Fund*					
博時中債1-3年國開行債券指數證券投資基金					
	198,432	200,198	200,436	198	0.36%
Total		<u>1,283,070</u>	<u>1,258,463</u>	<u>4,211</u>	<u>2.26%</u>

Investment strategies of bond market funds

Prudence Investment Management (Hong Kong) Limited

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

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

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

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

Lombarda China Short Term Bond Securities Investment Fund* (中歐短債債券型證券投資基金) utilises multiple strategies to carry out investment in bond asset portfolio. It determines bond portfolio duration allocation according to forecasted future market interest rate level and interest rate curve shape by basic valuation, economic environment and market risks evaluation. It carries out adjustment on portfolio terms allocation on the basis of determination of portfolio duration. Through research and related financial and non-financial analysis on macroeconomy and industry, it performs class allocation between different kinds of bond assets by “top-down approach”, and picks individual security by “bottom-up approach”. During the change of market return and individual security return, it utilises riding strategy, carry trade strategy, spread strategy, etc.

flexibly to enhance portfolio return. The fund invests in financial instruments with good liquidity, including bonds (including national debts, local government bonds, government-backed corporate bonds, financial bonds, corporate bonds, debentures, central bank notes, medium-term notes, short-term financing bonds (including ultra short-term financing bonds), subordinated bonds, the pure debt component of detachable convertible bonds, etc.), asset-backed securities, bond repurchases, bank deposits, interbank deposits, etc., and other financial instruments allowed for fund investment approved by the related laws and regulations or the CSRC (but must comply with the CSRC's relevant regulations). The fund invests not less than 80% of the fund assets in bonds, and the investment in short-term bonds shall not be less than 80% of non-cash fund assets.

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. and E Fund Management Co., Ltd. (易方達資產管理(香港)有限公司及易方達基金管理有限公司)

E Fund (HK) 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 bonds, 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 (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..

E Fund FengHe Bond Securities Investment Fund* (易方達豐和債券型證券投資基金) is a bond securities investment fund which 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 includes domestic legally issued and listed national debts, central bank notes, local government bonds, financial bonds, subordinated bonds, corporate bonds, short-term financing bonds, medium-term notes, debentures, convertible bonds (including bonds with detachable warrants), exchangeable bonds, short-term corporate bonds of securities companies, private bonds of small and medium-sized enterprises, asset-backed securities, bond repurchases, bank deposits, interbank certificates of deposit, stocks (including stocks traded in the ChiNext, Small and Medium Enterprise Board and other legally issued and listed stocks and depositary receipts), warrants, national debt futures and other financial instruments approved by laws and regulations or the CSRC for fund investment. The fund's investment portfolio shall have the following proportions: 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.

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 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 notes, 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 bonds 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%.

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

Bosera China Bond 1-3 Years China Development Bank Bond Index Securities Investment Fund* (博時中債1-3年國開行債券指數證券投資基金) is an index fund which adopts a sampling and dynamic optimisation approach to select bonds with better liquidity among the underlying index components and alternative components, and constructs a portfolio of assets with similar risk-return characteristics to the underlying index to achieve effective tracking of the underlying index. The fund strives to achieve an average daily tracking deviation of no more than 0.25% and an annualised tracking error of 3% or less. The fund invests primarily in the constituent securities and alternate constituent securities of the underlying index. To better achieve the fund's investment objective, the fund may also invest in other policy financial bonds, bond repurchases, bank deposits and other financial instruments that the CSRC allows (subject to the relevant regulations of the CSRC). If the fund is allowed to invest in other instruments by laws and regulations or regulatory institutions in the future, the fund manager may include them in the investment scope after fulfilling appropriate procedures. The proportion of the fund's investment portfolio shall be as follows: the investment of the fund in bond asset shall not be less than 80% of the fund's assets; the investment in constituent securities and alternative constituent securities of underlying index shall not be less than 80% of the fund's non-cash fund assets; and the fund shall maintain cash or government bonds with maturity within one year of not less than 5% of the fund's net assets at the end of each trading day, of which cash shall not include settlement reserves, deposits with stock and futures exchanges and subscription monies receivables, etc.. The fund's investment portfolio shall be subject to the following restrictions: (1) the fund's access to the national interbank market for bond repurchases shall not exceed 40% of the fund's net asset value; the maximum maturity of the fund's bond repurchases in the national interbank market shall be one year, and the bond repurchases shall not be rolled over after maturity; (2) the fund's total assets shall not exceed 140% of the fund's net asset value; (3) the aggregate market value of the fund's active investment in liquidity-restricted assets shall not exceed 15% of the fund's net asset value; if the fund does not meet the aforementioned limit due to factors other than the fund manager such as fluctuations in the securities market or changes in the fund's size, the fund manager shall not actively invest in new liquidity-restricted assets; (4) if the fund enters into reverse repurchase transactions with private equity products and other entities recognized by the CSRC, the quality requirements of acceptable pledges shall be consistent with the scope of investment as stipulated in the fund contract; (5) other investment ratio restrictions as stipulated by laws and regulations and the CSRC and as stipulated in the fund contract.

Investment Strategy and Future Prospects

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

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

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2022.

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 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the six months ended 30 June 2022, save for the following deviations:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Currently, Mr. HAN Jingyuan serves as the Chairman of the Board and the Chief Executive Officer of the Company. The Board believes that there is no immediate need to segregate the roles of Chairman 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 D.2.5 of the CG Code and the related notes of the CG Code, the Company should have an internal audit function which generally carries out the analysis and independent appraisal of the adequacy and effectiveness of the Group’s risk management and internal control systems. While the PRC internal audit function of the Company was established since January 2018, other internal audit function is merged with the finance function during the six months ended 30 June 2022. During the period, the Group conducted a review on the need for setting up an independent internal audit department. Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the management could provide sufficient internal control and risk management for the Group. The audit committee of the Board and the Board regularly review the effectiveness of the internal control systems and the risk management of the Group. The Board will review the need to set up an independent internal audit function on an annual basis.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and all Directors have confirmed that they have complied with the required standard as set out in the Model Code during the six months ended 30 June 2022.

AUDIT COMMITTEE

During the six months ended 30 June 2022, the audit committee of the Company (“**Audit Committee**”) comprised three Independent Non-executive Directors, namely Mr. WONG Man Chung, Francis as the Chairman of the Audit Committee and Mr. WANG Tianyi and Mr. WANG Bing as the members of the Audit Committee.

The Audit Committee has reviewed the Group’s condensed consolidated financial information for the six months ended 30 June 2022 and has also discussed the internal control, the accounting principles and practices adopted by the Group. The Audit Committee is of the opinion that the condensed consolidated financial information of the Group have been prepared in accordance with the applicable accounting standards, the Listing Rules and the statutory requirements and that adequate disclosures will be made in the 2022 interim report of the Company.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 19 September 2022 to Wednesday, 21 September 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 interim dividend. The record date for the proposed interim dividend shall be Wednesday, 21 September 2022. In order to qualify for the proposed interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 16 September 2022.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The interim results announcement of the Company for the six months ended 30 June 2022 is published on both the websites of the Company (www.chinaorientalgroup.com) and the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2022 will be dispatched to the shareholders of the Company and published on the aforesaid websites in due course.

APPRECIATION

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

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

Hong Kong, 31 August 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.