China Development Bank International Investment Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1062)

Annual Report 2021

Contents

Corporate Information

DIRECTORS

Executive Director

Mr. BAI Zhe *(Chairman)*

Non-executive Directors

Mr. LU Yanpo *(Note 5)*

Independent Non-executive Directors

Mr. WANG Xiangfei *(Note 1)*
Mr. SIN Yui Man
Mr. FAN Ren Da, Anthony
Mr. CHEUNG Ngai Lam *(Note 2)*

COMPANY SECRETARY

Ms CHONG Po Chun *(Note 4)*

AUDIT COMMITTEE

Mr. WANG Xiangfei *(Note 1)*
Mr. CHEUNG Ngai Lam *(Chairman)* *(Note 2)*
Mr. SIN Yui Man
Mr. FAN Ren Da, Anthony
Mr. LU Yanpo *(Note 5)*

REMUNERATION COMMITTEE

Mr. SIN Yui Man *(Chairman)*
Mr. WANG Xiangfei *(Note 1)*
Mr. FAN Ren Da, Anthony
Mr. CHEUNG Ngai Lam *(Note 2)*
Mr. LU Yanpo *(Note 5)*

NOMINATION COMMITTEE

Mr. BAI Zhe *(Chairman)*
Mr. WANG Xiangfei *(Note 1)*
Mr. FAN Ren Da, Anthony
Mr. CHEUNG Ngai Lam *(Note 2)*
Mr. LU Yanpo *(Note 5)*

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 4506-4509
Two International Finance Centre
No. 8 Finance Street
Central, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

Notes:
1. Resigned on 28 January 2021
2. Appointed on 28 January 2021
3. Changed since 1 March 2021
4. Appointed on 29 October 2021
5. Appointed on 11 February 2022

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Limited
China Minsheng Banking Corp., Ltd., Hong Kong Branch

AUDITOR

BDO Limited
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law
Zhong Lun Law Firm LLP

As to Cayman Islands Law
Conyers Dill & Pearman

INVESTMENT MANAGER

HuaAn Asset Management (Hong Kong) Limited
Unit No. 4702, 47th
Floor Central Plaza
No. 18 Harbour Road
Wanchai
Hong Kong

CUSTODIAN

Vistra Management (Hong Kong) Limited
19/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1062

WEBSITE

www.cdb-intl.com
www.irasia.com/listco/hk/cdbintl

Chairman's Statement

Dear Shareholders,

In 2021, China Development Bank International Investment Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") suffered minor loss from the Group's investment projects. Adversely affected by the trade disputes among major economies and financial deleveraging in China, the global economic growth trend in 2021 further slowed down, and the confidence of investors about the economic prospects continued to deteriorate, all imposed challenges for the economic development of China and other emerging markets in 2021. The COVID-19 outbreak in early 2020 (the "**COVID 19**") further aggravated the global economy. Under such economic environment, the Company will keep using its best effort to pursue the best returns to the shareholders of the Company (the "**Shareholders**").

In 2022, the Company believes that the investment in logistics industry will still possibly create the best returns to the Shareholders. Logistics is the key foundation of the global business flow, and also synergises with e-commerce transactions with increasing importance. The efficiency of logistics-related industries has a material influence on investment decisions of large and small companies, and thus affects the amount and location of job opportunities created around the world. During the "13th Five-Year" period, the National Development and Reform Commission announced that, based on the requirements of leading the new economic normality and implementing the new development concept, reducing cost and improving efficiency in the logistics industry and serving important national material-strategies should continue to be the key mission of "Reducing Cost, Reducing Deficiencies and Promoting Supply-side Structural Reforms" and the innovative development of the logistics industry will be supported with great efforts. On one hand, with the innovation of logistics industry systems and mechanisms, refinement of relevant policies, strengthening of the construction of critical segments of logistics industry, support of the development of new logistic modes such as third party logistics and multi-mode transportation and reduction of tax liabilities, reduction of costs and improvement of efficiency in the logistics industry will be promoted and the real economy will be strengthened with stable growth. On the other hand, the "Three Strategies" will be implemented by planning the establishment of a big international logistic channel, promoting reforms of the Beijing, Tianjin and Hebei agricultural products circulation system and accelerating the multi-mode transportation development along the Yangtze River golden waterway as a core and so forth. Meanwhile, the sustainable and healthy development of the logistic industry will be backed by basic work including organisation and implementation of major projects of modern logistics industry, demonstration of the logistic pilots and formulation and revision of industry standards. The Company will continue to seek for the best investment opportunities in the logistics industry, and actively explore the potential investment opportunities of information technology, advanced manufacturing, new energies, energy saving and environment protection sectors by comprehensively considering the national strategies such as China's industrial upgrade, the Belt and Road initiatives, and Guangdong-Hong Kong-Macao Bay Area development, so as to create the best returns to the Shareholders.

In order to further improve the performance of the Group and deliver the best returns to the Shareholders, the Group will continue to look for investment opportunities to strengthen its profitability with acceptable portfolio risk. The management will continue to closely monitor the market situation and enhance the Group's operations in all areas to raise the levels of financial discipline and improve profitability.

Finally, I would like to take this opportunity to extend my sincerest gratitude to the Shareholders for your support. I would also like to thank members of the Board, the management and the staff for your diligence. Despite the uncertainties in financial market brought by the COVID-19 outbreak in early 2020, we have worked hard to confront the challenges head on and achieve our goals. I am confident that we will be able to achieve long-term sustainable returns for the Shareholders by working together as a more mature and united team in the next year.

By the order of the Board
CHINA DEVELOPMENT BANK INTERNATIONAL INVESTMENT LIMITED

BAI Zhe
Chairman

Hong Kong, 29 March 2022

Management Discussion and Analysis

The board of directors (the "**Board**" or "**Directors**") of the Company announces the audited consolidated results of the Group for the year ended 31 December 2021 (the "**Year**"). The audited consolidated results for the Year have been reviewed by the audit committee of the Company (the "**Audit Committee**") and audited by the auditor of the Company, BDO Limited.

OVERALL PERFORMANCE

For the Year, the Group recorded a loss for the Year attributable to owners of the Company of approximately HK$14.12 million (2020: profit of approximately HK$53.16 million) which is primarily attributable to the net valuation gains on fair value of financial asset at fair value through profit or loss amounted to approximately HK$0.34 million (2020: Net valuation losses on fair value of financial asset at fair value through profit or loss of approximately HK$162.45 million) and the realised gain on disposal of financial asset at fair value through profit or loss amounted to approximately HK$6.09 million (2020: approximately HK$211.60 million) netted off by the general and administrative expenses of approximately HK$18.04 million (2020: approximately HK$18.95 million). The finance income for the Year was approximately HK$0.27 million (2020: approximately HK$0.12 million). The Group's net valuation gains in fair value of financial assets at fair value through profit or loss for the Year amounted to approximately HK$0.34 million (2020: net loss of approximately HK$162.45 million). The general and administrative expenses of the Group for the Year were approximately HK$18.04 million (2020: approximately HK$18.95 million). The decrease was mainly resulted from the increase in employee benefits expenses netted off by the decrease in legal and professional fees during the Year. The finance expenses for the Year were approximately HK$7.06 million (2020: approximately HK$13.88 million). The Group's net asset value decreased to approximately HK$1,831.84 million (2020: approximately HK$1,845.95 million). Loss per share for the Year was amounted to approximately HK$0.49 cents (2020: earnings per share approximately HK$1.83 cents).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

It is the Group's policy to adopt a prudent financial management strategy. The Group's treasury policies are designed to maintain a suitable level of liquidity facilities and minimise financial risks in order to meet operation requirements and pursue investment opportunities.

On 11 November 2016, a loan agreement was entered into between China Development Bank International Holdings Limited ("**CDBIH**"), the immediate controlling company of the Company as the lender and the Company as the borrower, pursuant to which CDBIH will provide a term loan to the Company in an amount of up to United States Dollars ("**US$**") 100 million, at an interest rate of 1.65% per annum over US$ 3-month London Inter-Bank Offer Rate ("**LIBOR**"). The relevant loan will be repayable on the date falling twelve months after the date of first drawdown, which may be automatically extended for another twelve months unless notified by either CDBIH or the Company not to extend repayment.

On 3 April 2017, an uncommitted revolving loan facility agreement was entered into between China Minsheng Banking Corp., Ltd., Hong Kong Branch ("**CMBC HK**") as lender and the Company as borrower, pursuant to which CMBC HK will provide an uncommitted revolving loan facility to the Company in the amount of up to US$100,000,000.

On 6 January 2020, a new facility agreement was entered into between China Construction Bank (Asia) Corporation Limited ("**CCB Asia**") as the lender, the Company as the borrower, and CDBIH as the guarantor, pursuant to which CDBIH will be the guarantor of the Company for an uncommitted term loan facility in the amount of up to US$50,000,000 and an uncommitted revolving loan facility in the amount of up to US$100,000,000 both granted by CCB Asia. CCB Asia is a licensed financial institution under the laws of Hong Kong and a wholly-owned subsidiary of China Construction Bank Corporation ("**China Construction Bank**") (listed on the Shanghai Stock Exchange, stock code: 601939 and listed on the Stock Exchange of Hong Kong Limited, stock code: 939). CCB Asia is a third party independent of and not connected with the Company and its connected persons, despite that Central Huijin Investment Ltd., which owns directly and indirectly 57.31% interest in China Construction Bank, the controlling company of CCB Asia, also owns 34.68% interest in China Development Bank ("**CDB**"), the controlling shareholder of China Development Bank Capital Corporation Ltd. ("**CDBC**") at the date of the Facility Agreement was entered into.

Moreover, CDBIH has confirmed its intention to provide financial support for the continuing operations of the Group so as to enable it to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations in the twelve months from 31 December 2021. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

As at 31 December 2021, the Group had total borrowing of HK$390 million (31 December 2020: HK$390 million) and the debt-to-equity ratio (calculated as the borrowing to the total shareholder's equity) was approximately 21% (31 December 2020: approximately 21%), putting the Group in an advantageous position to realise its investment strategies and pursue investment opportunities.

As at 31 December 2021, the cash and cash equivalents of the Group was approximately HK$265.24 million (31 December 2020: approximately HK$192.59 million). As more than half of the retained cash was denominated in US$ and Hong Kong Dollars ("**HK$**") and placed in major banks in Hong Kong, the Group's exposure to exchange fluctuation risk is considered minimal. The Board believes that the Group still maintains a healthy financial position as at 31 December 2021.

Save as disclosed as above, there is no change to the Group's capital structure for the year.

CHARGE ON ASSETS, CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2021 and 31 December 2020, there were no charges on the Group's assets and the Group had no material capital commitment or any significant contingent liabilities.

As at 31 December 2021 and 31 December 2020, as far as the Directors are aware, the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Group.

DISPOSAL OF AN INVESTMENT INTEREST

On 26 September 2021, the Company entered into an equity transaction agreement ("**Equity Transaction Agreement**") with VALUE AIMED LIMITED to dispose 100% shareholding interests of Excellent Fortune Limited ("**Excellent Fortune**") which is a wholly-owned subsidiary of the Group holding 3.08% preference shares of Wacai Holdings Limited ("**Wacai**"); through disposal of Excellent Fortune at a transaction price of Renminbi ("**RMB**") 5 million, the Company disposed all 3.08% preference shares of Wacai and upon completion, the Group no longer holds any share in Excellent Fortune (and also the investment interests in Waicai).

Save as disclosed in this annual report, during the Year, there were no other material acquisitions or disposals of subsidiaries, associates and joint ventures and there were no significant investments authorized by the Board as at the date of this annual report.

PORTFOLIO REVIEW

Particulars of the investments of the Group as at 31 December 2021 are set out as follows:

	Cost/carrying book cost as at 31 December 2021 HK$	Market value/ carrying amount as at 31 December 2021 HK$	Market value/ carrying amount as at 31 December 2020 HK$	Unrealised gains/(losses) recognised for the year ended 31 December 2021 HK$	Accumulated unrealised gains/(losses) recognised as of 31 December 2021 HK$	Percentage to the Group's total assets as at 31 December 2021 %
Jade Sino Ventures Limited ("**Jade Sino**") *(Note 1)*	194,987,520	605,003,588	568,850,705	36,152,883	410,016,068	27.2%
P.G. Logistics Property Investment Limited ("**P. G. Logistics**") *(Note 2)*	195,000,000	250,271,905	288,600,000	(38,328,095)	55,271,905	11.2%
BEST Inc. ("**Best Inc.**") *(Note 3)*	234,000,000	21,722,700	52,780,263	(31,057,563)	(212,277,300)	1.0%
Meicai *(Note 4)*	200,460,000	565,462,846	569,400,000	(3,937,154)	365,002,846	25.4%
G7 Networks Limited ("**G7**") *(Note 5)*	195,000,000	323,894,954	296,400,000	27,494,954	128,894,954	14.5%
Yimidida Supply Chain Group Co., Ltd. ("**Yimidida**") *(Note 6)*	153,260,180	188,236,713	178,223,469	10,013,244	34,976,533	8.4%
China Property Development (Holdings) Limited ("**CPDH**") *(Note 7)*	78,000,000	2,303,961	2,779,375	N/A	N/A	0.1%

Notes:

1. Jade Sino is an investment holding company incorporated in the British Virgin Islands with limited liabilities. As at 31 December 2021, the proportion of the issued share capital of Jade Sino owned by the Group was approximately 23.81%. As at 31 December 2021, Jade Sino directly held approximately 9.35% of the equity interests of Jinko Power Technology Co., Ltd. ("**Jinko Power**"), a company incorporated in the People's Republic of China ("**PRC**") with limited liabilities. Jinko Power was successfully listed on the Shanghai Stock Exchange in May 2020. Jinko Power and its subsidiaries are principally engaged in developing, building and operating photovoltaic power stations in the PRC. In 2021, Jade Sino recorded a gain on disposal approximately RMB298 million and received cash dividends approximately RMB5.13 million from Jinko Power.

2. Guangzhou P.G. Investment Co., Ltd.* ("**PG Investment**"), a company incorporated in the PRC with limited liabilities, completed the restructuring of overseas red chips on 25 May 2021. As a result, the equity interests of Jolly Investment Limited ("**Jolly**") originally held by the Group has been converted into relevant equity interests of P.G. Logistics, an investment holding company incorporated in the Cayman Islands with limited liabilities, in accordance with relevant legal documents. As at 31 December 2021, the proportion of the issued share capital of P.G. Logistics owned by the Group was approximately 4.82%. As at 31 December 2021, P.G. Logistics held the entire equity interests of PG Investment, which is a logistics warehouse infrastructure operator in the PRC. No gain or loss on disposal was recorded during the Year. No dividend was received during the Year.

3. Best Inc. was incorporated in the Cayman Islands with limited liabilities which is principally engaged in express delivery, freight delivery and supply chain service. Best Inc. was successfully listed on the New York Stock Exchange in September 2017. As at 31 December 2021, the proportion of its issued share capital owned by the Group was approximately 0.85%. No gain or loss on disposal was recorded during the Year. No dividend was received during the Year.

4. Meicai is an investment holding company incorporated in the Cayman Islands and provides supply chain related services including ingredient procurement, warehousing and distribution to small-and-medium-sized restaurants in the PRC. As at 31 December 2021, the proportion of the issued share capital of Meicai owned by the Group was approximately 1.06%. No gain or loss on disposal was recorded during the Year. No dividend was received during the Year.

5. G7 is a technology leader in the logistics sector in the PRC. Its services span each aspect of fleet management including order processing, short/long haul visibility, asset tracking, dispatch, route planning, financial settlement, accounting, safety management, etc. As at 31 December 2021, the proportion of the issued share capital of G7 owned by the Group was approximately 3.46%. No gain or loss on disposal was recorded during the Year. No dividend was received during the Year.

* *For identification purpose only*

6. Yimidida is a company incorporated in the PRC with limited liabilities which is principally engaged in the operation of the less-than-truckload freight network and was jointly established by several regional leading less-than-truckload logistics enterprises, Yimidida, with the mode of direct operation in core areas and regional franchise, unified the branding, systems, clearing, services and management standards of its partners along the whole ecological chain, and rapidly established the country-wide freight franchise network. As at 31 December 2021, the proportion of its issued share capital owned by the Group was approximately 2.59%. No gain or loss on disposal was recorded during the Year. No dividend was received during the Year.

7. The interest in CPDH disclosed in the table above is accounted for in accordance with Hong Kong Accounting Standard 28 Investment in Associates and Joint Ventures.

UNLISTED INVESTMENTS REVIEW

The Company has been committed to identifying and exploring high-quality investment opportunities and has established certain investment layout in areas including, but not limited to, logistics infrastructure and supply chain services, advanced manufacturing and new energy. The investments below in Yimidida, G7, Meicai, PG Investment and other investments as set out below are expected to create investment returns for the Shareholders and to further promote the Company's overall market advantage in sectors such as logistics, information technology, advanced manufacturing, medical, new energy, energy saving and environment protection. The Company will proactively leverage the resources of CDB in the areas of agriculture modernisation, logistics infrastructure and credit and will fully utilise the Company's extensive knowledge and experience in finance, management and relevant industries to assist Yimidida, G7, Meicai, PG Investment and other investments in enhancing their efficiency, exploring business opportunities, optimising the decision-making and incentive mechanisms and continuously improving corporate governance standards.

PG Investment

On 15 December 2015, the Company had entered into a share subscription agreement with Jolly and an independent third party of the Company, pursuant to which Jolly agreed to issue an aggregate of 31,449 ordinary shares of Jolly and the Company as one of the investors agreed to subscribe for 7,245 ordinary shares of Jolly at a cash consideration of US$25.00 million. Jolly is an investment holding company incorporated in the Cayman Islands with limited liabilities. Jolly indirectly invested in PG Investment, a PRC company. PG Investment is a leading logistics warehouse infrastructure operator in the PRC, whose principal business includes investment, construction and operation of large scale logistics parks, business facilities and exhibition centers. Jolly and PG Investment are both independent third parties of the Group.

On 25 May 2021, following the completion of the restructuring of overseas red chips, PG Investment became the wholly owned subsidiary of P.G. Logistics, a newly established investment holding company incorporated in the Cayman Islands. As a result, the equity interests of Jolly originally held by the Group has been converted into relevant equity interests of P.G. Logistics in accordance with relevant legal documents. The restructuring of overseas red chips will not affect the actual shareholding ratio of the Group in PG Investment.

As of 31 December 2021, PG Investment had nine projects in operation, the overall occupancy rate of which was 82%. The Company expects that PG Investment's operation in 2022 will be relatively stable.

Meicai

On 24 November 2016, the Company had entered into an investment agreement with Meicai (previously named Spruce) pursuant to which the Company agreed to subscribe for the newly issued convertible preferred shares of Meicai at a cash consideration of US$25.70 million. Meicai is a holding company incorporated in the Cayman Islands and provides supply chain related services including ingredient procurement, warehousing and distribution to small-and-medium sized restaurants in the PRC. It is the largest e-commerce platform in terms of gross merchandise volume in the area of supply chain for agricultural products in the PRC. By shortening the distribution process of agricultural products, improving the efficiency of agricultural products supply chain, and establishing large-scale warehousing and distribution system and the good quality control for the whole process, Meicai is able to provide economic and efficient services for farmers and restaurant customers in the PRC's agricultural products supply chain. Meicai is an independent third party of the Group.

The focus of Meicai in 2022 is to continue to boost the business coverage in cities where the market was newly exploited by it and to increase its market share. Starting in 2021, Meicai's prepackaged vegetable business is expected to receive better feedback from merchants and attention from investors, which is expected to further improve overall profitability. In the future, Meicai will continue to increase its market share by shortening the distribution process of agricultural products, improving the efficiency of agricultural products supply chain, and providing economic and efficient services to farmers and restaurant customers in the agricultural supply chain industry in the PRC. Meicai is also focusing on optimising its people and business lines, reducing overheads, optimising staffing levels, and reducing costs and increasing efficiency. The Company is confident that Meicai will continue its business expansion at a satisfactory growth rate, and become one of the leaders in the agricultural supply chain industry in the PRC.

G7

On 29 December 2016, a wholly-owned subsidiary of the Company entered into a convertible preferred share subscription agreement with G7 pursuant to which the Group, as one of the investors, agreed to subscribe for the newly issued preferred shares of G7 at a cash consideration of US$25.00 million. G7 is a leading logistics artificial intelligence service and intelligent equipment supplier in China with its business coverage spanning across China and its neighboring countries in Asia. G7 is connected to cargo vehicles from various customers. By installing smart devices on vehicles in the fleet, G7 utilizes real-time sensing technology to provide data services that span the entire logistic process, to connect the data of every single vehicle, consignor, fleet owner and driver, and thus to improve the efficiency of logistic service. Based on big data of the connected vehicles, G7 cooperates with premium partners from oil distribution, toll roads and bridges, insurance, banking and financial leasing industries to establish a one-stop service platform that integrates primary consumption of fleets. The platform enables safer, more economical, more efficient and more environmentally-friendly logistic services. G7 is an independent third party of the Group.

Despite the adverse impact of COVID-19, G7 completed its series E financing during the Year. G7's business maintained sustaining development during the Year, with its business scales in security products, settlements, supply chain finance, insurance, oil products, asset lease, etc. recording certain growth as compared with last year, and its income level of core business segments also increased. The Company expects that in the future, G7 will continue to use its own Internet of Things and artificial intelligence technology to help logistics customers to improve operational efficiency, reduce costs and potential safety hazards, thereby to further increase its market share and customer's recognition.

Yimidida

On 30 November 2017, a wholly-owned subsidiary of the Company entered into a capital increment agreement with Yimidida, pursuant to which the Group, as one of the investors, agreed to subscribe for the shares newly issued by Yimidida at a consideration of RMB130.00 million in USD equivalent. Yimidida is principally engaged in the operation of the less-than-truckload freight network and was jointly established by several regional leading less-than-truckload logistics enterprises. Yimidida, with the mode of direct operation in core areas and regional franchise, unified the branding, systems, clearing, services and management standards of its partners along the whole ecological chain, and rapidly established the country-wide freight franchise network. Yimidida is an independent third party of the Group.

During the Year, despite the adverse impact of COVID-19, Yimidida continued to strengthen the direct operation and management of its major franchise member companies at primary regions, the business integration with UC Express Limited has been promoted in an orderly manner to form complementary advantages, reduce costs and increase efficiency, and expand the network coverage. The Company expects that based on its country-wide franchise freight network, Yimidida will continuously strengthen and optimize its transport network, increase the density of its last-mile service stations, and upgrade the existing products and services, all of which will further improve its brand image and value-added service capability.

CPDH

CPDH is a company incorporated in the Cayman Islands with limited liability and principally engaged in investment of residential development project. CPDH did not carry out any business during the Year and it is under litigation process. Its carrying value is accounted for using equity method. For details, please refer to Note 14 to the consolidated financial statements.

LISTED INVESTMENTS REVIEW

Securities Investments

BEST Inc.

On 18 January 2016, the Company entered into a convertible preferred shares purchase agreement with Best Logistics as well as the members of Best Logistics group, the existing holders of the securities of Best Logistics and investors of the new preferred shares of Best Logistics, pursuant to which the Company, as one of the investors of the new preferred shares, agreed to subscribe for certain new preferred shares at a cash consideration of US$30.00 million, representing approximately 0.96% of the enlarged issued share capital of Best Logistics. In June 2017, the name of Best Logistics was changed to BEST Inc.. In September 2017, BEST Inc. completed its initial public offering of 45,000,000 ADSs, each representing one of its Class A ordinary shares, at US$10.00 per ADS for a total offering size of US$450.00 million. Its ADSs commenced trading on the New York Stock Exchange on 20 September 2017. Now the symbol is “BEST”.

Combining the Internet, information technology and traditional logistics services, BEST Inc. is committed to creating a one-stop logistics and supply chain service platform to provide customers with efficient services and experience. It is one of the largest integrated logistics service providers in China. Its multisided platform combines technology, integrated logistics and supply chain services, last-mile services and value-added services. BEST Cloud, the proprietary technology platform of BEST Inc., which seamlessly connects its systems with those of its ecosystem participants, is the backbone that powers its integrated services and solutions. Its logistics, supply chain and last-mile services encompass B2B and B2C supply chain management, express and less-than-truckload delivery, cross-border supply chain management and a real-time bidding platform to source truckload capacity. In addition, it provides value-added services to support its ecosystem participants and help them grow.

In November 2020, Best Inc. announced its strategic adjustments and organisational changes. As a result of multiple impacts of the COVID-19 epidemic and fierce price competition in the express delivery industry, the accumulated operating revenue of BEST Inc. for third quarters in 2021 was RMB20.684 billion, representing a loss of RMB1,736 million. On 29 October 2021, Best Inc. announced the disposal of its domestic courier business to J&T Express ("**J&T Express**") for approximately RMB6.8 billion and such transaction was completed on 17 December 2021. Upon the completion of the transaction, BEST Inc. will focus more on less-than-truckload and supply chain management. While its business is expected to resume growth in 2022, an improvement in its profitability and financial positions is also expected.

JINKO POWER

On 29 September 2014, the Company entered into a share subscription agreement (the "**Jade Sino Subscription Agreement**") with CDBIH and Jade Sino, pursuant to which the Company and CDBIH agreed to subscribe for 11,904 and 13,096 ordinary shares of Jade Sino, representing approximately 23.81% and 26.19% of the enlarged issued share capital of Jade Sino respectively.

In 2014, Jade Sino contributed an aggregate of US$105 million to subscribe for preferred shares issued by JinkoSolar Power Engineering Group Limited ("**JinkoSolar Power**"). As a result of the subsequent reorganization of JinkoSolar Power's assets and the introduction of new investors, Jade Sino held 15.01% of the ordinary shares of Jinko Power. In May 2020, Jinko Power completed the initial public offering of 594,592,922 A shares ("**A Shares**") on the Shanghai Stock Exchange with the issue price of RMB4.37 per A share for a total offering size of approximately RMB2.60 billion under stock code 601778. As at 31 December 2021, Jade Sino directly held approximately 9.35% equity interest in Jinko Power.

During the Year, the performance of Jinko Power was similar as compared with that at the end of 2020, with the major sources of its income including sales of electricity and design, procurement and construction. The Company expects that the performance of Jinko Power in 2022 will be generally in line with our expectations and expects that Jinko Power can make a significant contribution to the Company's performance afterward.

EMPLOYEES

As at 31 December 2021, the Company had 7 employees (2020: 7 employees). The total staff costs of the Group (excluding Directors' fee) for the Year was approximately HK$10.01 million (2020: HK$8.27 million). The Company determines its staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages of the Company's employees including basic salary, performance bonuses and mandatory provident fund are reviewed on a regular basis. The Company had no share option scheme during the Year. However, the Company provided training suitable to employees' needs and in accordance with the Company's development strategy.

GEARING RATIO

As at 31 December 2021, the Group had outstanding bank borrowing of HK$390.00 million (2020: HK$390.00 million). As at 31 December 2021, the Group's current ratio (current assets to current liabilities) was approximately 68% (2020: approximately 72%). The ratio of total liabilities to total assets of the Group was approximately 18% (2020: approximately 18%).

As at 31 December 2021, the Group had drawn down US$50 million (equivalent to approximately HK$390 million) under the new facility agreement with CCB Asia.

EXCHANGE EXPOSURE

The Group had no significant exchange risk exposure under review during the Year since more than half of the cash was denominated in US$ and HK$ and placed in several major banks in Hong Kong. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

FUTURE PROSPECTS

The Company has been committed to identifying and exploring high-quality investment opportunities and has established certain investment layout in areas including, but not limited to, logistics infrastructure and supply chain services, advanced manufacturing and new energy. The Company expects that the logistics industry will maintain good growth, as it is a fundamental and strategic industry which supports the national economic development, synergises with e-commerce transactions with increasing importance and is also a key industry supported by CDB, the ultimate controlling shareholder of the Company. The Company will proactively leverage the resources of CDB in the areas of logistics infrastructure and credit based on its existing logistics network, and its extensive industry knowledge and experience in finance and management to assist the Company in continuously enhancing its efficiency, exploring business opportunities, optimising the decision-making process and incentive mechanism and improving corporate governance practices, continue to be committed to identifying and exploring suitable investment opportunities in the logistics industry and continue to generate value to the Shareholders of the Company.

Looking forward, the management believes that the business and operating environment for the Group is full of challenges and volatility. In order to improve the performance of the Group and deliver the best returns to the Shareholders, the Group will continue to look for investment opportunities which could strengthen profitability with acceptable risk of the portfolio of the Group by continuing to diversify its investments in different segments such as logistics, information technology, advanced manufacturing, medical, new energy, energy saving and environment protection.

Under the continuous and uncertain impacts brought by the COVID-19 on the performance of economic development and investment projects, the management will continue to enhance communication and pay close attention to the impact of COVID-19 on the industry, and actively assist the invested companies to resume normal operations by various means. The management will also continue to closely monitor the market situation and enhance its operation in all areas, to raise levels of financial discipline and improve profitability of the Group.

Report of the Directors

The Board presents this report to the Shareholders together with the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The Company is an investment company incorporated in the Cayman Islands. Its investment objective is to achieve medium-term to long-term capital appreciation of its assets primarily through investments in money market securities, equity and debt related securities in listed and/or unlisted companies or entities on a global basis. The activities of the subsidiaries are set out in Note 26 to the consolidated financial statements of this report.

SUBSIDIARIES AND ASSOCIATES

Particulars of the Group's principal subsidiaries and associate as at 31 December 2021 are set out in Notes 26 and 14, respectively, to the consolidated financial statements of this report.

RESULTS

The results of the Group for the Year are set out in the consolidated statement of profit or loss and other comprehensive income as set out on page 71 of this report.

BUSINESS REVIEW

The business review of the Group for the Year is set out in the section headed "Management Discussion and Analysis" on page 6 of this report under the heading "Overall Performance" and the paragraphs below.

For the Year, the Group recorded a loss for the year attributable to equity holders of the Company of approximately HK$14.12 million (2020: profit of approximately HK$53.16 million) which is primarily attributable to the net valuation gains on fair value of financial asset at fair value through profit or loss amounted to approximately HK$0.34 million (2020: Net valuation losses on fair value of financial asset at fair value through profit or loss of approximately HK$162.45 million) and the realised gain on disposal of financial asset at fair value through profit or loss amounted to approximately HK$6.09 million (2020: approximately HK$211.60 million) netted off by the general and administrative expenses of approximately HK$18.04 million (2020: approximately HK$18.95 million). The finance income for the Year was approximately HK$0.27 million (2020: approximately HK$0.12 million). The Group's net valuation gains in fair value of financial assets at fair value through profit or loss for the Year amounted to approximately HK$0.34 million (2020: net loss of approximately HK$162.45 million). The general and administrative expenses of the Group for the Year were approximately HK$18.04 million (2020: approximately HK$18.95 million). The decrease was mainly resulted from the increase in employee benefits expenses netted off by the decrease in legal and professional fees during the Year. The finance expenses for the Year were approximately HK$7.06 million (2020: approximately HK$13.88 million). The Group's net asset value decreased to approximately HK$1,831.84 million (2020: approximately HK$1,845.95 million). Loss per share for the Year was amounted to approximately HK$0.49 cents (2020: earnings per share approximately HK$1.83 cents).

Financial key performance indicators (Notes)

	2021 HK$	2020 HK$	Change percentage
Net valuation gains/(losses) on fair value of financial assets at fair value through profit or loss	**338,269**	(162,453,884)	(100%)
Realised gain on disposal of financial asset at fair value though profit or loss	**6,093,771**	211,602,275	(97%)
Gain on disposal of an associate	**–**	35,464,033	(100%)
General and administrative expenses	**(18,037,705)**	(18,953,852)	(5%)
Finance costs, net	**(7,059,198)**	(13,879,700)	(49%)
(Loss)/profit before income tax	**(14,118,214)**	55,599,355	(125%)
(Loss)/earnings per share	**(0.005)**	0.018	(127%)
Cash and cash equivalents	**265,243,204**	192,585,995	(38%)
Net asset value per share	**0.63**	0.64	(2%)
Current ratio	**0.68**	0.72	(5%)

Note 1: Reason for choosing the financial key performance indicators and relationship with the Group's objective

The Company is an investment company incorporated in the Cayman Islands. Its investment objective is to achieve medium-term to long-term capital appreciation of its assets primarily through investments in money market securities and equity and debt related securities in listed and/or unlisted companies or entities on a global basis. Management of the Company closely monitors the financial key performance indicators on a regular basis.

Note 2: Trend represented by each financial key performance indicators

Please refer to the "Management Discussion and Analysis" for the trend analysis.

Note 3: Difference between the financial key performance indicators and financial statements

No difference is noted between the financial key performance indicators and the financial statements.

Key risks factors

The key risks factors of the Group are set out in the heading "Management Discussion and Analysis" on page 13 under a section headed "Exchange Exposure" and Note 3.1(i) to the consolidated financial statements in this report respectively. Besides, the following sections list out the key risks and uncertainties which the Group faces. It is a non-exhaustive list and there may be other risks and uncertainties in addition to the key risks factors outlined below. Besides, this report does not constitute a recommendation or advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Currency risk

The Group is exposed to a variety of financial risks through its use of financial instruments in its ordinary course of operation and its investment activities. The Group will continue to closely monitor the financial risks by alleviating the currency risk through denominating its investments mainly in US$. Since US$ is pegged to the HK$, the currency risk of the Group is not significant. Besides, the cash and bank deposit of the Group are deposited with authorised banks located in Hong Kong with high credit rating, therefore the related credit risk is minimal and no related significant impact is noted on the business operation of the Group.

Financing risk

The unfavorable global market conditions may adversely affect the ability of the Group to acquire financing, and any decline in the liquidity of the global capital markets may adversely affect the markets in Hong Kong and limit our ability to obtain funds. However, the Group strived to enhance its liquidity risk management through carefully monitoring the cash flows and financing strategies and no related significant impact is noted on the business operation of the Group.

Future development and important events after the end of the financial year

Looking ahead, the business environment remains very challenging as the downward pressure on economy of the PRC and the global financial and economic conditions are expected to remain unstable. Nevertheless, the Group will cautiously review and adjust the business strategies from time to time, and seek the best returns to maximise value of the Shareholders. The Group believes that the logistic industry will continue to grow and create a higher return.

Environmental policies and performance

The Group is committed to the long term sustainability of the environment and communities in which it operates. As an investment company, we pride ourselves as an environmental-friendly corporation. We are aware that, minimising the consumption of resources and adoption of best environmental practices in the business process of the Group to the extent practicable is our underlying commitment to preserving and improving the environment. Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and adopts effective measures to achieve the efficient use of resources, energy saving and waste reduction. Our green initiatives include recycling of used papers, energy saving and water saving. The Board is pleased to present you the environmental, social and governance report (the "**ESG Report**") set out on pages 43 to 65 of this report which depicts the performance on the sustainability of the Group.

Relationship with suppliers, customers, employees and other stakeholders

The Group understands the importance of maintaining a good relationship with its suppliers, customers, employees and other stakeholders to meet the Group's immediate and long-term goals. Although there are no major customers and suppliers during the Year, as disclosed in the section headed "Major Customers and Suppliers" on page 26 of this report, the Company creates a framework for motivating staff and a formal communication channel in order to maintain healthy relationships with its employees and other stakeholders.

Compliance with the relevant laws and regulations

In relation to human resources, the Group is committed to complying with the requirements of the ordinances relating to disability, gender, family status and racial discrimination, as well as the Employment Ordinance, the Minimum Wage Ordinance and ordinances relating to occupational safety of employees of the Group, so as to safeguard the interests and well-being of its employees. On the corporate level, the Group complies with the requirements under the Companies Law (Revised) under the laws of Cayman Islands, the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), the Companies Ordinance (Chapter 622) and the Securities and Futures Ordinance (the "**SFO**") under the laws of Hong Kong for, among other things, the disclosure of information and corporate governance, and the Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in the Appendix 10 to the Listing Rules. The Company uses the restricted word "Bank" as its company name under the approvals granted by Cayman Islands Monetary Authority ("**CIMA**") and Hong Kong Monetary Authority ("**HKMA**") in 2012. The Company complies with certain requirements and conditions under the approvals granted by CIMA and HKMA pursuant to the Banks and Trust Companies Law (2009 Revision) under the laws of Cayman Islands and Banking Ordinance under the laws of Hong Kong respectively.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is given on page 114 of this report.

DIVIDEND

The Directors do not recommend the payment of any dividend for the Year (2020: Nil).

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the "**AGM**") will be held on Wednesday, 22 June 2022. For further details of the AGM, please refer to page 39 of this report or the notice of AGM to be despatched in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the identity of the Shareholders who are entitled to attend and vote at the forthcoming AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 16 June 2022. The register of members of the Company will be closed from Friday, 17 June 2022 to Wednesday, 22 June 2022 (both dates inclusive), during which period no share transfers will be registered. Shareholders whose names appear on the register of members of the Company on Wednesday, 22 June 2022 are entitled to attend and vote at the AGM.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment are set out in Note 13 to the financial statements.

SHARE CAPITAL

Details of the Company's issued share capital during the Year are set out in Note 21 to the financial statements. Please also refer to the section headed "Management Discussion and Analysis" on page 6 of this report under the heading "Liquidity, Financial Resources and Capital Structure".

SHARES ISSUED

The Company has not issued any share during the Year.

DEBENTURES ISSUED

The Company has not issued any debenture during the Year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into the Group or existed during the Year.

RESERVES

Movements in the reserves of the Group and of the Company during the Year are set out in the consolidated statement of changes in equity in page 73 to the financial statements of this report.

DISTRIBUTABLE RESERVE

As at 31 December 2021, the aggregate amount of reserve available for distribution to equity shareholders of the Company was HK$1,544,696,445 (2020: HK$1,715,530,271).

DIRECTORS

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

Executive Director
Mr. BAI Zhe *(Chairman)*

Non-executive Directors
Mr. LU Yanpo *(Note 3)*

Independent Non-executive Directors
Mr. WANG Xiangfei *(Note 1)*
Mr. SIN Yui Man
Mr. FAN Ren Da, Anthony
Mr. CHEUNG Ngai Lam *(Note 2)*

According to Article 88 of the articles of association of the Company (the "**Articles**"), at each annual general meeting of the Company, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation. Mr. BAI Zhe ("**Mr. BAI**") and Mr. CHEUNG Ngai Lam ("**Mr. CHEUNG**") will retire from the Board by rotation at the AGM and, being eligible, offer themselves for re-election. In addition, Mr. LU Yanpo ("**Mr. LU**"), a Director newly appointed by the Board on 11 February 2022, will also retire from office at the AGM in accordance with Article 87(3) of the Articles and will be eligible for re-election as a Director of the Company. Mr. CHEUNG has confirmed his independence with reference to the factors set out in Rule 3.13 of the Listing Rules.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and the senior management of the Company are set out on pages 28 to 30 of this report.

Notes:
1. Resigned on 28 January 2021
2. Appointed on 28 January 2021
3. Appointed on 11 February 2022

DIRECTORS' SERVICE CONTRACT

There is no service contract, which is not determinable by the Company within one year without payment of compensation (other than statutory compensation), in respect of any Director proposed for re-election at the AGM.

EMOLUMENTS OF DIRECTORS

Please refer to Note 8 of the consolidated financial statements of this report for details of the emoluments of the Directors. The emoluments payable to the Directors are determined with reference to responsibilities, years of service and performance of each individual, the results of the Group and the prevailing market rate.

PERMITTED INDEMNITY PROVISION

The Articles provide that every Director is entitled to be indemnified out of the assets and profits of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company and its listed subsidiaries have taken out and maintained directors' liability insurance throughout the Year, which provides appropriate cover for the Directors and directors of the subsidiaries of the Company. Such provisions were in force during the course of the Year and remained in force as of the date of this report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, none of the Directors or the chief executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required pursuant to Section 352 of the SFO, to be entered in the register required to be kept therein, or which were required, pursuant to Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to any Directors or chief executive of the Company, as at 31 December 2021, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept the Company under section 336 of the SFO:

Long positions in the shares and underlying shares of the Company

Name of Shareholder	Nature of Interests	Number of issued shares of the Company held	Approximate percentage of the existing issued share capital of the Company
CDB *(Note 1)*	Corporate Interest	1,920,000,000	66.16%
China Development Bank Capital Corporation Ltd. (國開金融有限責任公司) ("**CDBC**") *(Note 1)*	Corporate Interest	1,920,000,000	66.16%
CDBIH *(Note 1)*	Corporate Interest	1,920,000,000	66.16%
Mr. LIU Tong *(Note 2)*	Corporate Interest	163,702,560	5.64%
Yoobright Investments Limited ("**Yoobright**") *(Note 2)*	Corporate Interest	163,702,560	5.64%

Notes:

1. CDBIH a wholly-owned subsidiary of CDBC. CDBC is a wholly-owned subsidiary of CDB. Thus, CDB and CDBC are deemed to be interested in the same percentage of shares held by CDBIH.

2. Yoobright is beneficially and wholly owned by Mr. LIU Tong. Mr. LIU Tong is therefore deemed to be interested in the same percentage of shares held by Yoobright.

Save as disclosed above, as at 31 December 2021, the Company had not been notified by any person, other than Directors and chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no pre-emptive rights provisions in the Articles nor are there any pre-emptive rights provisions generally applicable under the law of the Cayman Islands.

TAXATION OF HOLDERS OF SHARES

(a) Hong Kong

Dealings in shares registered on the Company's Hong Kong branch register of members will be subject to Hong Kong stamp duty. The duty is charged at the current rate of 0.2% (before 1 August 2021) or 0.26% (on or after 1 August 2021) of the consideration or, if higher, the fair value of the shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares. Profits from dealings in the shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax.

(b) Cayman Islands

Under present Cayman Islands law, transfer or other dispositions of shares are exempted from Cayman Islands stamp duty.

(c) Professional tax advice recommended

Shareholders and intending holders of shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in shares.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year, Mr. BAI Zhe held certain positions in CDB group, which engaged in the same businesses of investment in Hong Kong and overseas as the Company. The potential conflicts of interest may arise in the allocation of investment opportunities to the Company and the other entities under CDB group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

None of the Directors or their connected entities is materially interested either directly or indirectly in any transaction, arrangement or contract entered into with any member of the Group which contract or arrangement is subsisting at any time during the Year or as at 31 December 2021 which is significant to the business of the Group taken as a whole.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The Company had conducted review of their related party transactions as set out in Note 23 to the consolidated financial statements in this report and are satisfied that related party transactions which constitute connected transactions or continuing connected transactions were properly disclosed in accordance with the Listing Rules.

Investment Management Agreement

With the previous investment management agreement expired on 31 August 2020, on 25 August 2020, the Company renewed the investment management agreement (the "**Investment Management Agreement**") with HuaAn Asset Management (Hong Kong) Limited ("**HuaAn**"), pursuant to which HuaAn has agreed to act as the investment manager of the Company and to provide investment management services to the Company for a period of three years commencing from 1 September 2020 and expiring on 31 August 2023, for a management fee payable of HK$350,000 per annum. During the Year, the Company incurred a fee of HK$350,000 to HuaAn. HuaAn is a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules and the transactions contemplated under the Investment Management Agreement (together with the annual caps) constitute continuing connected transactions. Management fee payable by the Company is HK$350,000 per annum, and the highest applicable percentage ratio on an annual basis exceeded 0.1% but was less than 5% on 25 August 2020. The transaction contemplated under the Investment Management Agreement thus constitutes a continuing connected transaction pursuant to Chapter 14A of the Listing Rules and are therefore subject to the reporting, announcement, annual review requirements but are exempt from the independent Shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules. HuaAn was a company incorporated on 10 June 2010 in Hong Kong with limited liability and is a corporation licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

In accordance with Rule 14A.56 of the Listing Rules, the auditor of the Company has performed certain agreed upon procedures in respect of the continuing connected transactions and reported that the transactions entered into:

(a) were approved by the Board of the Company;

(b) were, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;

(c) were entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and

(d) have not exceeded the relevant annual caps.

In accordance with Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company have reviewed and approved the continuing connected transactions and confirmed that the continuing connected transactions were carried out in accordance with the following principles:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's Shareholders as a whole.

Loan Agreement

On 11 November 2016, the Loan Agreement was entered into between CDBIH as lender and the Company as borrower, pursuant to which CDBIH will provide a term loan to the Company in an amount of up to US$100,000,000, at an interest rate of 1.65% per annum over US$ 3-month LIBOR. The loan will be repayable on the date falling twelve months after the date of first drawdown, which may be automatically extended for another twelve months unless notified by either CDBIH or the Company not to extend repayment. The Company has not utilised the loan during the Year. On 11 November 2016, CDBIH held approximately 66.16% of the issued share capital of the Company and is the controlling shareholder. Accordingly, CDBIH is a connected person of the Company, and entering into the Loan Agreement between the Company and CDBIH constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Since the Board considers that as (i) the Loan Agreement has been entered into after arm's length negotiations between the Company and CDBIH and determined on normal commercial terms or better, and (ii) the loan is not secured by any asset of the Group, the loan is fully exempted from the Shareholders' approval, annual review and all disclosure requirements under Rule 14A.90 of the Listing Rules. Save as disclosed above, during the Year, the Group did not enter into any connected transactions or continuing connected transactions which require the compliance with the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. A summary of significant related party transactions that did not constitute connected transactions made during the Year was disclosed in Note 23 to the financial statements of this report.

SHARE OPTION SCHEME

The share option scheme adopted by the Company on 7 February 2005 (the "**Share Option Scheme**") has been expired. No option had been granted by the Company since the adoption of the Share Option Scheme. There are no options outstanding as at 31 December 2021. None of the Directors or chief executive of the Company, or their respective associates had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the Year.

ARRANGEMENTS TO PURCHASE SHARES BY DIRECTORS

At no time during the Year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debenture of the Company or any other body corporate.

CORPORATE GOVERNANCE

The Company's corporate governance practices are set out in the Corporate Governance Report on pages 31 to 39 in this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Year.

INVESTMENTS

Details of the Group's investments as at 31 December 2021 are set out on pages 8 to 13 in this report.

BANK LOAN, OVERDRAFTS AND OTHER BORROWINGS

On 3 April 2017, the Company had entered into a Facility Agreement with CMBC HK as the lender and the Company as the borrower, pursuant to which CMBC HK will provide a Loan to the Company in the amount of up to US$100.00 million. CMBC HK is a licensed financial institution under the laws of Hong Kong and a wholly-owned subsidiary of China Minsheng Banking Corp., Ltd. (listed on the Shanghai Stock Exchange, stock code: 600016, and listed on the Stock Exchange, stock code: 01988). CMBC HK is a third party independent of and not connected with the Company and its connected persons.

On 6 January 2020, a new facility agreement was entered into among China Construction Bank (Asia) Corporation Limited ("**CCB Asia**") as the lender, the Company as the borrower, and CDBIH as the guarantor, pursuant to which CDBIH will be the guarantor of the Company for an uncommitted term loan facility in the amount of up to US$50,000,000 and an uncommitted revolving loan facility in the amount of up to US$100,000,000 both granted by CCB Asia. CCB Asia is a licensed financial institution under the laws of Hong Kong and a wholly-owned subsidiary of China Construction Bank Corporation ("**China Construction Bank**") (listed on the Shanghai Stock Exchange, stock code: 601939 and listed on the Stock Exchange of Hong Kong Limited stock code: 939). CCB Asia is a third party independent of and not connected with the Company and its connected persons, despite that Central Huijin Investment Ltd., which owns directly and indirectly 57.31% interest in China Construction Bank, the controlling company of CCB Asia, also owns 34.68% interest in China Development Bank, the controlling shareholder of CDBC at the date of the Facility Agreement was entered into.

INTEREST CAPITALISED

There is no interest capitalised by the Group during the Year.

DONATIONS

There is no charitable and other donations made by the Group during the Year (2020: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

As the Group is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, there are no major customers and suppliers during the Year.

REVIEW OF THE ANNUAL RESULTS BY THE AUDIT COMMITTEE

As at 31 December 2021, all members of the Audit Committee are independent non-executive Directors. The Audit Committee acts in an advisory capacity and makes recommendations to the Board. The Group's 2021 annual results were reviewed and recommended to the Board for approval by the Audit Committee.

INDEPENDENT NON-EXECUTIVE DIRECTORS' INDEPENDENCE

The Company has received, from each of the independent non-executive Directors, an annual confirmation or a confirmation letter of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at the Latest Practicable Date prior to the issue of this report. The Company has maintained sufficient public float as required under the Listing Rule during the Year.

SUBSEQUENT EVENT

The Directors are not aware of any significant event requiring disclosure that had taken place subsequent to 31 December 2021 and up to the date of this report.

AUDITOR

PricewaterhouseCoopers ("**PwC**") has resigned as the auditor of the Group with effect from 28 June 2021. PwC, in their letter of resignation, confirmed that there were no matters in connection with their resignation that needed to be brought to the attention of shareholders of the Company. The Board also confirmed that there was no disagreement or unresolved matter between the Company and PwC, and that they were not aware of any matters in relation to the resignation of PwC as auditor of the Group that needed to be brought to the attention of shareholders of the Company. The Company has appointed BDO Limited as the auditor of the Company with effect from 28 June 2021. BDO Limited will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting. A resolution to reappoint BDO Limited and to authorise the Directors to fix its remuneration will be proposed at the forthcoming annual general meeting.

By Order of the Board
China Development Bank International Investment Limited

BAI Zhe
Chairman

Hong Kong, 29 March 2022

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTOR

Mr. BAI Zhe *(Chairman)*

Mr. BAI Zhe, aged 45, has been appointed as an executive Director of the Company since 20 January 2014. He is also the chairman of the Board and the chairman of the nomination committee of the Company. Mr. BAI joined the Company in July 2012 as the managing director of the Company. He served as the chief operating officer and deputy chief executive officer of CDBIH from January 2013 to May 2014 and from May 2014 to January 2021 respectively. Prior to that, Mr. BAI served as the deputy division head of Direct Investment Division IV and the division head of International Business Division of CDBC from 2011 to 2014. From 1998 to 2011, Mr. BAI had been working at, in chronological order, Tianjin Branch, a working mission of South America, Hong Kong Branch and International Finance Department of CDB. Mr. BAI obtained a Bachelor's degree in Law from Xiamen University in 1998 and a Doctor's degree in Economics from Beijing Jiaotong University in 2017. Mr. BAI has extensive experience in general corporate management, international banking, finance and investment management.

NON-EXECUTIVE DIRECTOR

Mr. LU Yanpo

Mr. LU Yanpo (盧硯坡, formerly known as LU Yanpo* (盧艷坡)), aged 48, has been appointed as a non-executive Director of the Company since 11 February 2022. He has also been appointed as a member of the nomination committee, the audit committee and the remuneration committee of the Company with effect from 11 February, 2022. Mr. LU graduated from Tsinghua University with a Master's degree in Public Administration and has over 15 years of experience in loan management, administration management, risk management and investment management. Mr. LU has successively served as a Risk Management Manager of Credit Review Department (at the Deputy-director level) of China Development Bank, Deputy Division Director of Credit Review Department of China Development Bank, Deputy General Manager and General Manager of Human Resources Department of CDB Capital Co., Ltd., President of China Development Bank International Holdings Limited and Operations Director of CDB Capital Co., Ltd.. Mr. LU has extensive experience in the banking and financial services industry.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. WANG Xiangfei

Mr. WANG Xiangfei, aged 70, has been appointed as an independent non-executive Director of the Company since 21 March 2012. He is also the chairman of the audit committee, a member of the remuneration committee and a member of nomination committee of the Company. Mr. WANG is the vice chief financial officer of Sonangol Sinopec International Limited and the financial advisor of China Sonangol International Holding Limited. He is also an executive director of Nan Nan Resources Enterprise Limited (listed on the Stock Exchange, stock code:1229). Besides, Mr. WANG is an independent non-executive director of Tianjin Capital Environmental Protection Group Company Limited (listed on Shanghai Stock Exchange and the Stock Exchange, A shares stock code: 600874; H shares stock code: 1065) ("**Tianjin Capital**"). He was also an independent non-executive director of Tianjin Capital for the period from April 2002 to April 2008. Mr. WANG has worked in senior management teams of a couple of companies engaging in banking and other financial services. Mr. WANG is a senior accountant, graduated from Renmin University of China, majoring in finance and received a Bachelor's degree in economics. Mr. WANG had worked in the Faculty of the Finance Department of Renmin University of China. In the last six years, Mr. WANG was an external

* *For identification purpose only*

supervisor of Shenzhen Rural Commercial Bank and an independent non-executive director of China CITIC Bank Corporation Limited (listed on Shanghai Stock Exchange and the Stock Exchange, A shares stock code: 601998; H shares stock code: 998), Shandong Chenming Paper Holdings Limited (listed on Shanghai Stock Exchange, Shenzhen Stock Exchange and the Stock Exchange, A shares stock code: 000488; B shares stock code: 200488; H shares stock code: 1812) and SEEC Media Group Limited (listed on the Stock Exchange, stock code: 205) for three years. Mr. Wang Xiangfei has resigned as an independent non-executive Director of the Company, the chairman of audit committee and a member of remuneration committee and nomination committee of the Board, with effect on 28 January 2021.

Mr. SIN Yui Man

Mr. SIN Yui Man, aged 64, has been appointed as an independent non-executive Director of the Company since 1 September 2014. He is also the chairman of the remuneration committee and a member of the audit committee of the Company. Mr. SIN has over 30 years of experience in treasury and corporate banking. Prior to joining the Company, Mr. SIN served in Ping An Bank Co., Ltd., (listed on the Shenzhen Stock Exchange, stock code: 000001), Hong Kong Representative Office as the Chief Representative; Agricultural Bank of China Limited (listed on the Stock Exchange, stock code: 1288) as Alternate Chief Executive in its Hong Kong Branch; as well as in senior management positions at Standard Chartered Bank and Société Générale S.A. (SocGen) in Hong Kong. In 2011, Mr. SIN was elected as a member of the Chief Executive Election Committee in Hong Kong. Mr. SIN is a graduate of the Social Sciences Faculty of the University of Hong Kong, and possesses a post-graduate degree in Master of Business Administration from INSEAD.

Mr. FAN Ren Da, Anthony

Mr. FAN Ren Da, **Anthony**, aged 61, has been appointed as an independent non-executive Director of the Company since 21 March 2012. He is also a member of the audit committee, a member of the remuneration committee and a member of the nomination committee of the Company. Mr. FAN holds a Master's degree in Business Administration from the United States of America. He is the chairman and managing director of AsiaLink Capital Limited. Mr. FAN is also the independent non-executive director of Technovator International Limited (listed on the Stock Exchange, stock code: 1206), Shanghai Industrial Urban Development Group Limited (listed on the Stock Exchange, stock code: 563), China Dili Group (listed on the Stock Exchange, stock code: 1387), CITIC Resources Holdings Limited (listed on the Stock Exchange, stock code: 1205), Uni-President China Holdings Ltd. (listed on the Stock Exchange, stock code: 220), Hong Kong Resources Holdings Company Limited (listed on the Stock Exchange, stock code: 2882), Neo-Neon Holdings Limited (listed on the Stock Exchange, stock code: 1868) and Semiconductor Manufacturing International Corporation (listed on the Stock Exchange, stock code: 981).

Mr. FAN has been re-designated from an independent non-executive Director to an executive Director of Tenfu (Cayman) Holdings Company Limited (listed on the Stock Exchange, stock code: 6868), with effect from 18 May 2021, and he has resigned as the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee of Tenfu (Cayman) Holdings Company Limited. In addition, Mr. FAN ceased to be an independent non-executive Director of Raymond Industrial Limited (listed on the Stock Exchange, stock code: 229), with effective from 21 May 2021, and he also ceased to be a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of Raymond Industrial Limited.

Mr. CHEUNG Ngai Lam

Mr. CHEUNG Ngai Lam, aged 52, is a member of the American Institute of Certified Public Accountants and is a Certified Practicing Accountant of Australia. Mr. CHEUNG currently serves as an independent non-executive director of Guoan International Limited (listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), stock code: 143), New Provenance Everlasting Holdings Limited (listed on the Stock Exchange, stock code: 2326) and Boyaa Interactive International Limited (listed on the Stock Exchange, stock code: 434). Mr. CHEUNG served as an independent non-executive director of Asia Television Holding Limited (listed on the Stock Exchange, stock code: 707) from 2016 to 2019, and an independent non-executive director of China Huishan Dairy Holdings Company Limited (listed on the Stock Exchange and delisted in 2019, stock code prior to the delisting: 6863) in 2017. Mr. CHEUNG obtained a Bachelor's degree in social science from the University of Hong Kong in 1991, a Master's degree in accounting from the Curtin University of Technology (currently known as Curtin University) in 1997 and a Master's degree in science (Investment Management) from the Hong Kong University of Science and Technology in 2002. Mr. CHEUNG has been appointed as an independent non-executive Director of the Company, the chairman of audit committee and a member of remuneration committee and nomination committee of the Board, with effect from 28 January 2021.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Throughout the Year, the Directors believe that the Company has complied with all the code provisions of the then Corporate Governance Code and Corporate Governance Report (the "**Former Code**", which is now the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules) as set out in Appendix 14 to the Listing Rules for the Year.

The Board will continuously review and improve the corporate governance practices and standards of the Company to ensure that business activities and decision-making processes are regulated in a proper and prudent manner.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries by the Company, the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the Year.

BOARD OF DIRECTORS

As at the date of this report, the Board comprised five Directors, including one executive Director, namely Mr. BAI Zhe, one non-executive Director, namely Mr. LU Yanpo and three independent non-executive Directors, namely Mr. SIN Yui Man, Mr. FAN Ren Da, Anthony and Mr. CHEUNG Ngai Lam. Each Director possesses expertise and experience and provides checks and balances for safeguarding the interests of the Group and the Shareholders as a whole. Mr. CHEUNG Ngai Lam, one of the three independent non-executive Directors, possesses appropriate professional accounting qualifications and financial management expertise. The independent non-executive Directors, as equal Board members, gave the Board and the Board committees on which they serve the benefit of their skills, expertise and various backgrounds and qualifications through regular attendance and active participation. The independent non-executive Directors had attended the general meetings of the Company and developed a fair understanding of the views of Shareholders. The biographical details of the current Directors are set out on pages 28 to 30 of this report. There are no financial, business, family or other material or relevant relationships among the members of the Board of the Company, other than working relationships.

Diversity policy

The Company has adopted a Board diversity policy (the "**Diversity Policy**") which became effective in August 2013. This Diversity Policy aims to set out the approach to achieve diversity on the Board of Directors. All Board appointments are based on merits, and have paid due regard for the benefits of diversity on the Board in selecting candidates. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates may bring to the Board. The Board's composition (including gender, ethnicity, age and length of service) will be disclosed in the Corporate Governance Report annually.

As at the date of this annual report, the Board comprises five Directors. Three of them are independent non-executive Directors, thereby promoting critical review and control of the management process. In terms of the factors mentioned above, especially, professional experience, skills and knowledge, the Board is characterised by significant diversity.

Responsibilities of Directors

The Board is responsible for formulating the overall strategic development, reviewing and monitoring the business performance of the Group, approving investment proposals as well as approving the financial statements of the Group. The independent non-executive Directors, with a wide range of expertise and a balance of skills, bring independent judgment on issues of strategic direction, development, performance and risk management through their contribution at Board meetings. The independent non-executive Directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Company has received annual confirmation from each independent non-executive Director that they have met all the independence requirements set out in Rule 3.13 of the Listing Rules, and the Board considers these independent non-executive Directors to be independent. Every newly appointed director of the Company should receive a comprehensive, formal and tailored induction covering the summary of the responsibilities and liabilities of a director of a Hong Kong listed Company on appointment. Subsequently, all Directors should have access to the professional development opportunities necessary to ensure that they have a proper understanding of the Company's operations and business and is fully aware of his responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies. Besides, the Company had arranged a professional training to the Directors to develop and refresh their knowledge and skills relevant to the directors' duties during the Year. Mr. BAI Zhe, Mr. SIN Yui Man, Mr. FAN Ren Da, Anthony and Mr. CHEUNG Ngai Lam participated in a training provided by the legal adviser to the Company, Zhong Lun Law Firm LLP. During the Year, the Company had arranged the directors and officers liability insurance cover in respect of legal action against the Directors.

Board composition

During the Year, the names of the Directors had been disclosed in all corporate communications of the Company with the independent non-executive Directors identified. Besides, the Company had maintained on the websites of the Company and the Stock Exchange an updated list of the Directors identifying their roles and functions and whether they are independent non-executive Directors. The Board had determined regularly the disclosure in relation to each Director for any change, the number and nature of offices held in public companies or organisations and other significant commitments.

The Board

The Board meets regularly throughout the Year to review the overall strategy and to monitor the operation of the Group. The Company holds four regular Board meetings for a year at approximately quarterly intervals. Notice of at least 14 days for each of the regular meetings is given to the Directors. The Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors at least 3 days before the meetings. Draft and final versions of minutes of all Board meetings are circulated to Directors for comment and records respectively within a reasonable time after the Board meeting is held. Minutes of Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it. During the Year, seven board meetings (of which four were regular quarterly meetings) were held and the individual attendance of each director during his tenure is set out below:

Name of Director	Number of entitled board meetings attended	Attendance rate
Executive Director		
Mr. BAI Zhe	7	100%
Independent Non-executive Directors		
Mr. WANG Xiangfei *(note 1)*	1	100%
Mr. SIN Yui Man	6	85.71%
Mr. FAN Ren Da, Anthony	7	100%
Mr. CHEUNG Ngai Lam *(note 2)*	6	100%

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the provision C.2.1 (i.e. provision A.2.1 of the Former Code) of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. During the Year, Mr. BAI Zhe was the chairman of the Company. The roles of the chairman and chief executive officer are segregated with a clear division of responsibilities and are not exercised by the same individual. The chairman of the Board, Mr. BAI Zhe, is an executive Director who is responsible for the leadership and effective running of the Board. During the Year, the chairman of the Board, Mr. BAI Zhe, had ensured that all Directors are properly briefed on issues arising at Board meeting. He was responsible for ensuring that all Directors receive, in a timely manner, adequate information regarding the operation and governance of the Company which must be accurate, clear, complete and reliable. The Board has been making its best endeavours to identify an appropriate person for appointment as an executive director and the chief executive officer of the Company to maintain its good corporate governance practice and will continue to do so.

RE-ELECTION OF DIRECTORS

Each of the executive Directors of the Company has entered into a service contract with the Company for a term of three years. However, such term is subject to his re-appointment by the Company at the Shareholders' general meeting upon retirement by rotation pursuant to the Articles. In accordance with the relevant provisions in the Articles, the appointment of Directors is considered by the Board and they must stand for election by Shareholders at the relevant annual general meeting.

NON-EXECUTIVE DIRECTORS

The non-executive Director (if any) and independent non-executive Directors of the Company are appointed for a specific term but are subject to retirement by rotation and re-election at the Shareholders' annual general meetings in accordance with the provisions of the Articles.

Note:
1. Resigned on 28 January 2021
2. Appointed on 28 January 2021

AUDIT COMMITTEE

As at 31 December 2021, the Audit Committee comprised three members, namely, Mr. SIN Yui Man, Mr. FAN Ren Da, Anthony and Mr. CHEUNG Ngai Lam. During the Year, all members of the Audit Committee were independent non-executive Directors. The chairman of the Audit Committee is Mr. CHEUNG Ngai Lam, an independent non-executive Director of the Company. The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in business, accounting and financial management on the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules. The members of the Audit Committee meet regularly to review the financial report and other information submitted and reported to the Shareholders, the system of internal control, and the effectiveness and objectivity of risk management and audit process. The Audit Committee acts in an advisory capacity and makes recommendations to the Board. The terms of reference of the Audit Committee which explained the role and the authority delegated to the Audit Committee by the Board were revised in 2018 is available on the websites of the Company and the Stock Exchange. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the financial statements for the Year. Audit Committee had considered the matters in connection with the resignation and appointment of the independent auditors and agreed with the conclusions in arriving at the resignation and appointment of the independent auditors.

During the Year, three Audit Committee meetings were held and the individual attendance of each member during his tenure is set out below:

Name of Director	Number of Audit Committee meetings attended	Attendance rate
Mr. WANG Xiangfei *(Note 1)*	–	–
Mr. SIN Yui Man	3	100%
Mr. FAN Ren Da, Anthony	3	100%
Mr. CHEUNG Ngai Lam *(Note 2)*	3	100%

REMUNERATION COMMITTEE

As at 31 December 2021, the Remuneration Committee of the Company (the "**Remuneration Committee**") comprised three members, namely Mr. SIN Yui Man, Mr. FAN Ren Da, Anthony and Mr. CHEUNG Ngai Lam. During the Year, all members of the Remuneration Committee were independent non-executive Directors. The chairman of the Remuneration Committee is Mr. SIN Yui Man, an independent non-executive Director of the Company. The Remuneration Committee advises the Board on the Group's overall policy and structure for the remuneration of Directors and senior management. The terms of reference of the Remuneration Committee which explained the role and the authority delegated to the Remuneration Committee by the Board were revised in 2018 and is available on the websites of the Company and the Stock Exchange. In determining the emolument payable to Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and employment conditions of the Group. During the Year, the Remuneration Committee had made recommendations to the Board on the Group's overall remuneration policy, the remuneration packages of individual executive Directors and senior management. During the Year, three Remuneration Committee meetings were held and the individual attendance of each member during his tenure is set out below:

Note:
1. Resigned on 28 January 2021
2. Appointed on 28 January 2021

Name of Director	Number of Remuneration Committee meetings attended	Attendance rate
Mr. SIN Yui Man	3	100%
Mr. WANG Xiangfei (Note 1)	1	100%
Mr. FAN Ren Da, Anthony	3	100%
Mr. CHEUNG Ngai Lam (Note 2)	2	100%

NOMINATION COMMITTEE

As at 31 December 2021, the nomination committee of the Company (the "**Nomination Committee**") comprised three members, namely Mr. BAI Zhe, Mr. FAN Ren Da, Anthony and Mr. CHEUNG Ngai Lam. During the Year, the majority members of the Nomination Committee were independent non-executive Directors. The chairman of the Board, Mr. BAI Zhe is also the chairman of the Nomination Committee. The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. The Nomination Committee also performs the duties to (a) identify individuals suitably qualified to become Board members and to select or to make recommendations to the Board on the selection of individuals nominated for directorship; (b) to assess the independence of independent non-executive directors; (c) to make recommendations to the Board concerning the appointment or reappointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive officer; and (d) to perform any other duties prescribed by law, regulation and rules, as amended from time to time, which set forth obligations for the Company to comply with.

During the process of selection, the Nomination Committee typically takes factors including but not limited to cultural and educational background, professional experience, knowledge, especially the capacity of individuals into consideration, pursuant to the Diversify Policy of the Company. The terms of reference of the Nomination Committee which explained the role and the authority delegated to the Nomination Committee by the Board were revised in 2018 and is available on the websites of the Company and the Stock Exchange. During the Year, the Nomination Committee had reviewed the progress of implementation of Diversity Policy and the structure, size and composition of the Board including the Directors' skills, knowledge and experience and had made recommendations to the Board on the appointment of the individuals as the Director and chief executive of the Company.

During the Year, three Nomination Committee meetings were held and the individual attendance of each member during his tenure is set out below:

Name of Director	Number of Nomination Committee meeting attended	Attendance rate
Mr. BAI Zhe	3	100%
Mr. WANG Xiangfei (Note 1)	1	100%
Mr. FAN Ren Da, Anthony	3	100%
Mr. CHEUNG Ngai Lam (Note 2)	2	100%

AMENDMENTS TO THE ARTICLES

For the year ended 31 December 2021, there was no change in the Articles of the Company.

Note:
1. Resigned on 28 January 2021
2. Appointed on 28 January 2021

AUDITOR'S REMUNERATION

PwC was appointed as the Group's auditor for the period ended 28 June 2021. PwC has resigned as the auditor of the Group with effect from 28 June 2021, and BDO Limited was appointed by the shareholders of the Company (the "**Shareholders**") as the Company's auditor at the annual general meeting held on 28 June 2021 (the "**2020 AGM**"). The audit services engagement for 2021 had been reviewed and approved by the Audit Committee.

During the Year, the remuneration paid to BDO Limited for the audit and non-audit services rendered to the Group were as follows:

	HK$
Annual audit services	860,000
Other non-audit services *(Note 1)*	200,000

Note:

1. BDO Limited had provided other services in relation to the review on the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2021 and review on results announcement and continuing connected transaction for the Year.

COMPANY SECRETARY

Mr. FUNG Wing Kam Terence has tendered his resignation as company secretary of the Company with effect from 29 October 2021 due to personal career development. On 29 October 2021, the Company appointed Ms. CHONG Po Chun as the company secretary. Under the provision C.6.3 (i.e. provision F.1.3 of the Former Code) of the CG Code, the company secretary should report to the board chairman and/or the chief executive. Ms CHONG Po Chun, the company secretary of the Company, and Mr. FUNG Wing Kam Terence, the former company secretary, directly reported to Mr. BAI Zhe, the chairman of the Board. Pursuant to Rule 3.29 of the Listing Rules, in each financial year the company secretary of the Company must take no less than 15 hours of relevant professional training. Ms CHONG Po Chun, the company secretary of the Company, and Mr. FUNG Wing Kam Terence, the former company secretary, confirmed that they had taken no less than 15 hours of relevant professional training respectively in accordance with Rule 3.29 of the Listing Rules during the Year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledge their responsibility to prepare financial statements for each half and full financial year which give a true and fair view of the financial state of the Group. The Directors also ensure the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

DIVIDEND POLICY

The Board has approved and adopted a dividend policy (the "**Dividend Policy**") on 20 December 2019. Under the Dividend Policy, provided that the Group is profitable and without affecting the normal operations of the Group, the Company may consider to declare and pay dividends to the Shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia: (i) the actual and expected financial performance of the Group; (ii) the general financial and business condition of the Group; (iii) the capital and debt level of the Group; (iv) the Group's liquidity position and future cash requirements and availability for business operations, business strategies, future investment and development needs; (v) any restrictions on payment of dividends that may be imposed by the Group's lenders; (vi) the general market conditions; and (vii) any other factors that the Board deems appropriate.

There can be no assurance by the Company that a divided will be proposed or declared in any specific periods. The payment of the dividend by the Company under the Dividend Policy shall remain to be determined at the sole discretion of the Board, subject to any other circumstances that Shareholders' approval is required, and any restrictions under all applicable laws, rules and regulations including but not limited to the Companies Law of the Cayman Islands, the Listing Rules, and the Articles of the Company.

Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period as interim dividend, final dividend, special dividend and any distribution of net profits that appear to the Board to be justified by the profits of the Company available for distribution. The Company may declare and pay dividends by way of cash or in specie or by other means that the Board considers appropriate, subject to and in accordance with the procedures set out in the Articles.

The Board will continue to review the Dividend Policy from time to time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and in no way obligate the Company to declare a dividend at any time or from time to time.

INVESTOR RELATIONSHIP AND COMMUNICATION

The Company endeavors to maintain a high level of transparency in communicating with Shareholders and the investment community at large. The Company is committed to maintaining an open and effective communication policy to update its Shareholders and investors on relevant information on its business through the annual general meetings, the annual and interim reports, notices, announcements, circulars as well as Company's website. The annual general meeting provides a useful forum for Shareholders to exchange views with the Board. Separate resolutions are proposed at the general meetings on each separate major issue, including the election of individual Directors.

Calling an extraordinary general meeting

Pursuant to the Article 58 of the Articles, any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company at the principal place of business in Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisition(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitions(s) as a result of the failure of the Board shall be reimbursed to the requisitions(s) by the Company. The requisition must (i) state the objects of the meeting: (ii) state the name(s) of the requisition(s): (iii) state the contact details of the requisition(s): (iv) state the number of ordinary shares of the Company held by the requisition(s): (v) be signed by the requisition(s) and (vi) be deposited at the Company's head office and principal place of business in Hong Kong at Suites 4506-4509, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong.

Putting enquiries to the Board

Shareholders may send their enquiries requiring the Board's attention to the company secretary of the Company at the Company's head office and principle office in Hong Kong. Questions about the procedures for convening or putting forward proposals at the annual general meeting or extraordinary general meeting may also be put to the company secretary by the same means.

Putting forward proposals at general meetings

Article 89 of the Articles provides that no person, other than a retiring Director of the Company at the meeting, shall be eligible for election to the office of Director of the Company at any general meeting unless:

(i) such person is recommended by the Directors of the Company; or

(ii) a notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office (as defined in the Articles) provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director of the Company at any general meeting, the following documents must be validly served on the company secretary of the Company within the abovementioned period at the head office or at the registered office of the Company, namely:

(i) the Shareholder's signed notice of intention to propose a person for election as a Director of the Company at the general meeting;

(ii) a notice signed by the nominated candidate indicated his/her willingness to be appointed;

(iii) the candidate's information as required to be disclosed under Rule 13.51(2) of the Listing Rules; and

(iv) the candidate's written consent to the publication of his/her personal information.

General meetings

On 28 June 2021, the Company had convened the 2020 AGM at PLAZA Room, Regus Conference Centre, 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. At the 2020 AGM, the Shareholders had passed the ordinary resolutions in relation to:

(i) receive and consider the audited consolidated financial statements together with the reports of Directors and auditor of the Company for the year ended 31 December 2020;

(ii) re-elect the retiring Directors and authorise the Board to fix the remuneration of the Directors;

(iii) appoint Messrs. BDO Limited, Certified Public Accountants, as the auditor of the Company and to authorise the Board to fix their remuneration;

(iv) grant the general mandate to the Directors to exercise the powers of the Company to issue and repurchase shares of the Company; and

(v) approve the extension of the general mandate for the issue of shares by addition of the shares repurchased.

The individual attendance of each Director at the general meeting of the Company during his tenure is set out below:

Name of Director	Number of entitled general meeting attended	Attendance rate
Executive Director		
Mr. BAI Zhe	1/1	100%
Independent Non-executive Directors		
Mr. WANG Xiangfei *(Note 1)*	–	–
Mr. SIN Yui Man	1/1	100%
Mr. FAN Ren Da, Anthony	1/1	100%
Mr. CHEUNG Ngai Lam *(Note 2)*	1/1	100%

The forthcoming annual general meeting of the Company will be held on 22 June 2022 at 11:00 am at Suites 4506-4509, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong. As at the date of this report, the Company issued 2,902,215,360 ordinary shares of HK$0.01 each in the share capital of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The review on the risk management and internal control systems of the Company is set out in the section headed "Risk Management and Internal Controls" on pages 40 to 42 of this report.

Note:
1. Resigned on 28 January 2021
2. Appointed on 28 January 2021

Risk Management and Internal Controls

RESPONSIBILITY

The Board has the overall responsibility to ensure that sound and effective internal controls and risk management are maintained, while management is responsible to design and implement an internal controls system to manage risks. A sound and effective system of internal controls is designed to identify and manage the risk of failure to achieve business objectives. The Board acknowledges that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

OUR RISK MANAGEMENT FRAMEWORK

The Board is responsible for the Group's internal controls and risk management system and for reviewing its effectiveness on an annual basis. The Audit Committee supports the Board in monitoring our risk exposures, the design and operating effectiveness of the underlying risk management and internal controls systems. The Audit Committee, acting on behalf of the Board, oversees the following process:

(i) regular reviews of the principal business risks, and control measures to mitigate, reduce or transfer such risks; the strengths and weaknesses of the overall internal controls systems and action plans to address the weaknesses or to improve the assessment process;

(ii) regular reviews of the business process and operations reported by the Internal Audit Report, including action plans to address the identified control weaknesses and status update and monitor in implementing its recommendations; and

(iii) regular reports by the external auditors of any monitoring issues identified in the course of their work and the discussion with the external auditors about their respective review scope and findings.

The Audit Committee will then report to the Board after due review of the effectiveness of the Group's system of internal controls. The Board considers the works and findings of the Audit Committee in forming its own view on the effectiveness of the system. For the Year, the Board through the Audit Committee has conducted a review of the effectiveness of the risk management system of the Company by conducting a formal risk assessment process to identify and priorities the key risks (classified by strategic risks/operational risks/financial reporting risks and compliance risks). Action plan for each key risk has also been confirmed. No significant areas of concern that may affect the risk management functions of the Company have been identified. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board considers that such system is effective and sufficient.

OUR INTERNAL CONTROL MODEL

Our internal controls model made reference to the Committee of Sponsoring Organisations of the U.S. Treadway Commission ("**COSO**") for internal controls and it has five key components, namely Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. The key elements of our internal controls model are as follows:

- **Control Environment** – The control environment is the set of standards, processes, and structures that provides the basis for carrying our internal control across the Company. The Board and senior management establish the tone at the top regarding the importance of internal control including expected standards of conduct. The management reinforces expectations at the various levels of the Company.

- **Risk Assessment** – Risk assessment involves a dynamic and iterative process for identifying and assessing risks to the achievement of objectives. Risks to the achievement of these objectives from across the Company are considered relative to established risk tolerances. Thus, risk assessment forms the basis for determining how risks will be managed.

- **Control Activities** – Control activities are the actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the Company, at various stages within business processes, and over the technology environment. The control activities may be preventive or detective in nature and may encompass a range of mutual and automated activities such as authorizations and approvals, verifications, reconciliations, and business performance reviews. Segregation of duties is typically built into the selection and development of control activities. Where segregation of duties is not practical, management selects and develops alternative control activities.

Investment monitoring is also significant given the capital-intensive nature of our business. Depending on strategic importance, cost/benefit and the size of the projects, detailed analysis of expected risks and returns is submitted to management for consideration and approval. The criteria for assessment of financial feasibility are generally based on net present value, payback period and internal rate of return from projected cash flow.

- **Information and Communication** – Information is necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives. The management obtains or generates and uses relevant and quality information from both internal and external sources to support the functioning of other components of internal control. Communication is the continual, iterative process of providing, sharing, and obtaining necessary information. Internal communication is the means by which information is disseminated throughout the Company, flowing up, down and across the entity. It enables personnel to receive a clear message from senior management that control responsibilities must be taken seriously. External communication is twofold: it enables inbound communication of relevant external information, and it provides information to external parties in response to requirements and expectations.

- **Monitoring** – the Board and Audit Committee oversee the process, assisted by our Internal Control Department. The management has enhanced its update reports to Audit Committee on movements on major risks and appropriate mitigating measures. There are at least two Audit Committee meetings annually, with one meeting mainly about internal controls and risk management systems.

For the Year, the management of the Group has engaged an external internal control consultant to conduct an internal audit review over the Company's key business process. The internal audit report, with no material weakness found, was submitted to the Audit Committee for review. No significant areas of concern that may affect the internal control system of the Company have been identified. During the review, the Board also considered the resources, qualification/experience of staff of the Group's accounting and financial reporting function, and their training and budget were adequate.

INTERNAL AUDIT FUNCTION

Under the provision D.2.5 (i.e. provision C.2.5 of the Former Code) of the CG Code, the Company should have an internal audit function. The Audit Committee is aware that the Company should have an internal audit function to process the effectiveness of the risk management and internal control system. During the Year, the Audit Committee had reviewed annually the need to establish internal audit function to improve the effectiveness of risk management, control and governance process. The Company will consider sharing the CDB groups resources to carry out the internal audit function of the Company.

INSIDE INFORMATION

The procedures and internal controls of the Company for handling and dissemination of inside information include conducting the affairs of the Company in strict compliance with the Guidelines on Disclosure of Inside Information published by Securities and Futures Commission and the Listing Rules as well as reminding the Directors and employees of the Group regularly of the due compliance with all polices regarding the inside information.

The Board ensures the inside information is kept strictly confidential until the relevant announcement is made. The Directors are not aware of any significant areas which need to be brought to the attention of the Shareholders.

COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS

As part of the process of reviewing the financial statements, the Committee reviews the Group's compliance with applicable legal and regulatory requirements including the Listing Rules, the Companies Ordinance and the Securities and Futures Ordinance; the only notable exception is that the Group does not publish quarterly financial results.

COMPLIANCE MANUAL

The compliance manual of the Company applicable to the employees and the Directors was adopted in 2012. The Compliance Manual stated the policy of the Company in relation to the compliance responsibility, ethnical conduct, confidentiality, insider dealing, Chinese Walls, conflicts of interest, inducements, personal investment policy, anti-money laundering policy, complaints, criticisms and legal actions policy, whistleblowing policy and corporate governance policy. The Board determinates and reviews the policy for the corporate governance of the Company and is responsible for the compliance for such policy.

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

China Development Bank International Investment Limited (Stock Code:1062) is delighted to issue its sixth "Environmental, Social and Governance Report" ("**this report**"). This report aims to showcase the environmental, social and governance ("**ESG**") aspects of the Company's sustainability performance during 2021. Through comprehensive disclosures of our visions, strategies and implementation of sustainable development in this report, we aim to endow stakeholders with more understanding and confidence of the Company and motivate us to continuously improve our ESG performance.

In addition to maintaining high ethical standards in strict compliance with corporate governance practices outlined in the Listing Rules, the Company is committed to operating as a responsible enterprise through its emphasis on responsible investment, legal and compliance operation, employee-orientated policies, environmental protection and care for community. We believe these sustainable development approaches will support our business strategies and create the best return for our stakeholders. To gain a comprehensive understanding of the Company's ESG performance, this report shall be read together with the "Corporate Governance Report" section of the Annual Report.

1.1 Title Description

For the convenience of presentation and reading, "**CDB INT'L INV**", "**Company**" or "**Us**" in this report refer to China Development Bank International Investment Limited.

1.2 Reporting Scope and Boundary

This report covers the Reporting Period from 1 January 2021 to 31 December 2021 (the "**Reporting Period**"). For details of the Company's business, please refer to the Company's "2021 Annual Report" ("**Annual Report**"). Unless otherwise defined, the terms used in this report would contain the same meaning as defined in the Annual Report released by the Company.

1.3 Reporting Basis

This report is prepared by the Company in strict accordance with the "Environmental, Social and Governance Reporting Guide" ("**ESG Reporting Guide**") under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange issued by the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Adhering to the principles of materiality, quantitative, balance and consistency, we strictly comply with mandatory disclosure requirements and the "comply or explain" provisions in the "ESG Reporting Guide" and strive to fully reflect the Company's environmental and social management policies, strategies and performance.

During the preparation of this report, the Company applied the reporting principles as follows:

Materiality: adopting a materiality assessment to identify the Company's material ESG issues during the Reporting Period, and compiling this report based on these material ESG issues;

Quantitative: disclosing the standards and methods used in this report to calculate relevant data, and disclosing applicable assumptions;

Consistency: the method adopted for the preparation of this report is basically the same as last year; and the data involving changes in the scope of disclosure and calculation methods are explained.

1.4 Data Source

The contents of this report are compiled from internal documents, statistical reports and publicly available materials.

1.5 Report Approval

The board of directors has an overview of the Company's ESG issues and has reviewed and approved this report, and assures this report contains no false representations, misleading statements or material omission, and bears individual and collateral responsibilities regarding the truthfulness, accuracy and completeness of this report.

1.6 Responding to This Report

We value the opinions of stakeholders as important drivers for our continuous improvement. If you would like to share your opinions or any matters in connection with this report, please contact us at:

Address: Suites 4506-4509, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Tel: (852) 3979 1500
Fax: (852) 3979 1599
Website: www.cdb-intl.com
Email: info@cdb-intl.com

2. SUSTAINABILITY GOVERNANCE

The Company endeavors to create shared values during business operation and lower the Company's underlying environmental and social impact. Serving as the vital role in promoting corporate sustainability, the Board of CDB INT'L INV has overall responsibility for the Company's ESG strategy and reporting, as well as the monitoring of the Company's sustainability-related policies, measures and performances. The Board of CDB INT'L INV will actively monitor ESG governance,also hold responsible for evaluating and determining ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Meanwhile, the Board of CDB INT'L INV requires the management of the Company to report regularly and makes decisions on important ESG matters in a timely manner, including reviewing and approving the ESG report to understand the ESG performance of the Company's business. The Board of CDB INT'L INV will actively pay attention to the changes of ESG policy, facilitate the ESG target setting work in the future under appropriate circumstances, so as to promote the Company's ESG governance.

2.1 Stakeholder Engagement

For the Company, proactively responding to opinions of stakeholders is the key to promote its corporate sustainable development. Therefore, CDB INT'L INV has established a variety of communication channels in order to maintain a high level of transparency. We hold annual general meetings every year in which the Company's representatives attend and meet in person with shareholders, investors and other stakeholders to understand their concerns and issues. For daily communication, our website's media center column informs investors, shareholders and the public of the Company's latest activities, financial positions and investor documents. Additionally, the Company effectively communicates with stakeholders via annual reports, interim reports, notices, announcements, circulars, emails and telephones to continuously optimize its sustainable development strategy.

2.2 Materiality Assessment

The Company has performed evaluations on ESG matters during the Reporting Period to ensure the Company's material ESG issues are in line with stakeholders' expectations, market trend and latest laws and regulations. With reference to the "ESG Reporting Guide" of the Stock Exchange, Sustainability Accounting Standards Board's Materiality Map and issues related to the financial industry, and by collecting, organizing, measuring and analysing the recommendations and concerns raised by various stakeholders during the Reporting Period, the Company has identified relevant ESG issues relating to the Company and established the 2021 ESG issue database.

Further, after reviewing each ESG issue, the Company identified the material issues of the Reporting Period taking into account the impact of the issues to the Company and other factors. After the internal confirmation, the Company considered that the anti-corruption and business ethics, risk management, investment strategy, employees management and employees' development and training are comparatively material to the industry and business of the Company. The Company will continue to promote sustainability development to fulfil the expectations from stakeholders.

3. MANAGEMENT EXCELLENCE

CDB INT'L INV operates as one of the investment platforms designated by the China Development Bank to fully identify and implement overseas investment opportunities and integrate and manage China Development Bank's existing overseas asset investments. It serves the global strategies of China and the China Development Bank by supporting the international development of Chinese enterprises and promoting overseas investment businesses such as the "Belt and Road" initiative. CDB INT'L INV uses the client resources of the China Development Bank – its trillions of RMB assets and its status as China's largest foreign exchange lending bank – to explore high-quality investment opportunities and work closely with world-class investment institutions to provide equity capital support for related enterprises and facilitate obtaining loan support from the China Development Bank.

3.1 Responsible Investment

The Company believes that emphasis on ESG could create value for the society and the Company. Therefore, CDB INT'L INV focuses on fulfilling corporate social responsibility and taking social and environmental responsibility into the account of investment strategies. The Company's investment committee consists of experienced professionals and strictly screens investment opportunities. The investment committee also performs multi-dimensional assessments and monitoring of all investments to fully identify, assess and reduce relevant investment risks and achieve the target return. Through cautious investment procedures, we ensure investment decisions are responsible to various stakeholders.

Investment Strategies		
Committed to identifying and exploring high-quality investment opportunities and has established certain investment layout in areas including, but not limited to, logistics infrastructure, new energy and supply chain services.	Proactively leverage the resources of China Development Bank in logistics infrastructure based on its existing logistics network with its extensive industry knowledge and experience in finance and management in order to assist the company in continuously enhancing its efficiency and exploring business opportunity.	Optimizing the decision-making process and incentive mechanism and improving corporate governance practices, continue to focus on identifying and exploring suitable investment opportunities in the logistics industry.

In order to achieve its responsible investment aims in all aspects of the business while minimizing investment risk, the Company has developed the following risk response strategies:

- Establishing and regularly reviewing the Company's risk management policies and frameworks to consistently guide its risk management practices;

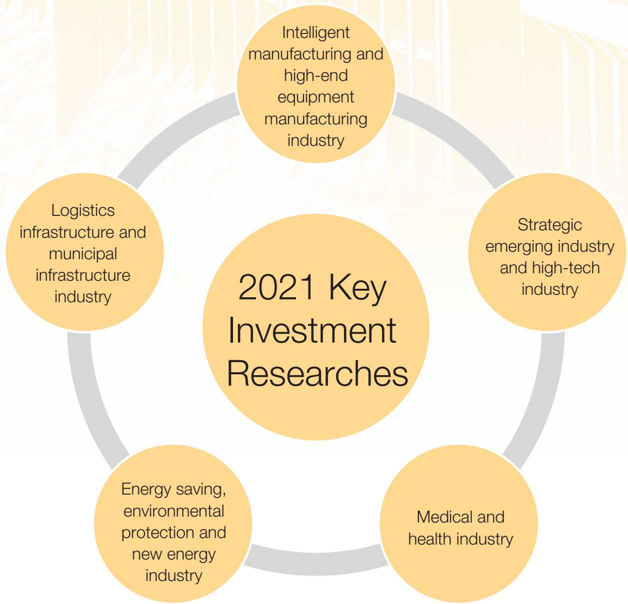
- Establishing a formal risk appetite statement enabling employees to understand the level of risk acceptable to the Company, avoid unnecessary risks and reduce unnecessary losses;

- Embedding risk management into the Company's core operations and decision-making;

- Regularly evaluating whether the risks of current and emerging portfolios would jeopardize the Company's strategy and realization of annual plans and budgets, and establishing appropriate responses to the risks the Company may face; and

- Allocating appropriate resources to establish, maintain and continually improve risk management strategies and policies.

In accordance with our investment and risk management strategies, during the Reporting Period we conducted key investment researches, seized investment opportunities and promoted socially responsible investments in the following industries:



The Company will continue to search and pursue for high-quality investment opportunities, and actively explore potential investment opportunities in the fields of logistics, information technology, advanced manufacturing, medical, new energy, energy saving and environment protection, in combination with national strategies such as China's industrial upgrading, the "Belt and Road" and the Guangdong-Hong Kong-Macao Greater Bay Area, delivering the best sustainable returns for investors.

Based on the internal control framework of the United States Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"), we have established a sophisticated internal control model, including environmental control, risk assessment, activities control, information and communication, and monitoring, and continued to regularly review the effectiveness of the risk management and internal control system.

3.2 Compliance Operation

A good reputation is the most important asset and foundation of a financial company. We highly emphasize on maintaining integrity and uphold the principle of legal and compliance operation. Based on honesty, trustworthiness, legal compliance and integrity, the Company strictly complies the Hong Kong "Companies Ordinance" and with relevant laws and regulations as well as the code provisions in the "Corporate Governance Code" contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange. For more details about our corporate governance, please refer to the "Corporate Governance Report" section of the Annual Report.

The Company highly values the protection of intellectual property rights and ensures the use of copyright software and resources, preventing plagiarism, theft, tampering, illegal possession, counterfeiting or other forms of intellectual property rights infringement.

In terms of business operations and information security, we maintain strict compliance with the information separation measures in the "Compliance Manual" and the "Personal Data (Privacy) Ordinance" of Hong Kong and other relevant laws and regulations. Non-public material information is kept strictly confidential throughout our operations and activities, formulating relevant regulations and detailing the scope and level of confidential matters, regulations and requirements, handling accountability for breach and leak of confidential information to ensure confidentiality and accountability. All employees and major suppliers are required to sign confidentiality agreements with the Company. We have also established a strict customer information management system and implemented policies to further prevent disclosure and loss of confidential information.

During the Reporting Period, the Company did not receive any complaints or legal actions related to violations of intellectual property rights, advertising, labels and privacy matters.

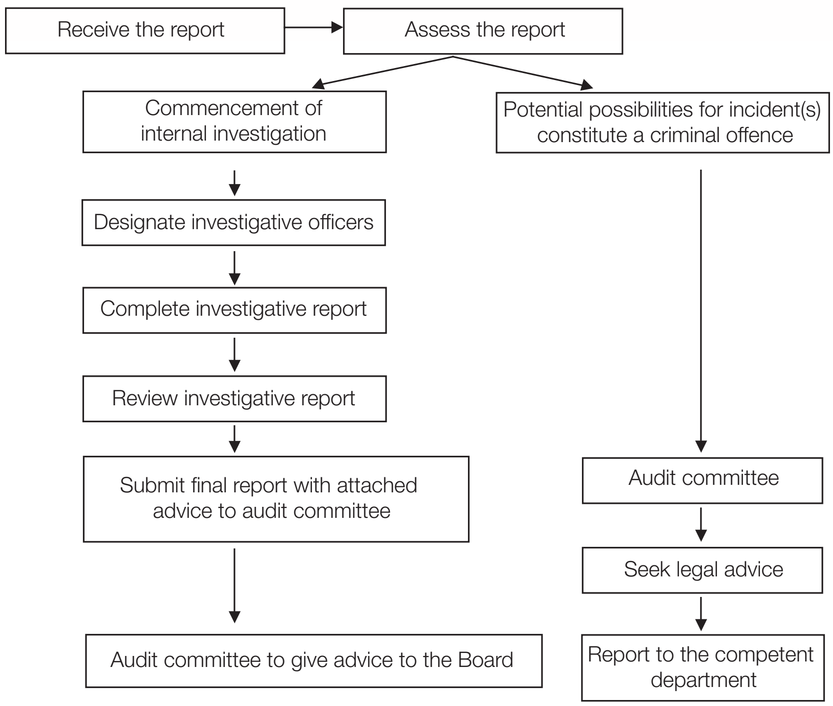
3.3 Professional Integrity

For financial companies, cultivating professional ethics of employees is an important cornerstone for achieving long-term sustainable development. While striving to deliver exceptional investment returns to investors, we uphold the highest standards of integrity and enhance the industry's credibility by adopting a zero-tolerance attitude towards breaches of integrity. In addition to strictly complying with the "Anti-Money Laundering Law of the People's Republic of China" and the "Anti-Unfair Competition Law of the People's Republic of China", we have also formulated management systems such as the "Compliance Manual". It outlines the Company's policies toward confidentiality, insider trading, conflict of interest, personal investment, bribery, extortion, money laundering, fraud, and other professional ethics standards, stipulates employees' code of conduct and ethical standards and states that the Company regards any violations as a serious incident which would trigger disciplinary actions, including immediate dismissals and suspensions to raise employee vigilance against corruption.

CDB INT'L INV has established a systematic reviewing and reporting system to further enhance employees' professional ethics. With its standardized reimbursement procedures, the Company regularly reviews reimbursement receipts from various departments to avoid any corruption behavior. In addition, the Company has formulated corresponding reporting procedures and its implementation and monitoring methods for violations in the "Compliance Manual". We encourage employees to report any suspicious violations and initiate investigations within five working days of receiving the report, while protecting the identity and interests of the whistle-blower. The detailed investigation procedure is shown in the flowchart below. The Company regularly reviews the operation of the whistle-blowing procedures and analyzes its implementation effect. Based on results of the review, specific regulations in the "Compliance Manual" are updated to ensure the effectiveness of CDB INT'L INV's professional ethics management system.

Investigative procedure

For ease of reference, please refer to the following flowchart.



Upon employment, all new employees are required to sign a statement to signify their full understanding and agreement of the "Compliance Manual". Current employees are also required to conduct self-assessment to declare themselves on the code of conduct with regard to avoiding misconduct, anti-corruption and conflict of interest every year. During the Reporting Period, the Company has entrusted the law firm to provide anti-corruption training to the board of directors and staff in October 2021.

During the Reporting Period, neither the Company nor any of its employees receive any judicial proceedings or lawsuits with regard to corruption, bribery, extortion, fraud or money laundering.

3.4 Supply Chain Management

Maintaining close collaborations with suppliers is an indispensable part of our business. To protect the Company's vital interests, we have formulated and strictly implemented the "Procurement Management Measures" and the "Small Item Procurement Management Measures", and selected suppliers with legal operation and good services based on the principles of transparency, openness, and fairness. The Company also attaches great value to communication with suppliers to enhance suppliers' understanding and recognition of the Company's value, consolidate cooperative relationship of mutual trust and assistance, and work together to promote the sustainable and stable development of the industry.

We also attach great importance to the extent which suppliers fulfill their environmental and social responsibilities and advocates selecting eco-friendly products and services. In the process of selecting suppliers, supplier's sustainable development management, professional ethics, environmental protection performance will be one of the factors to be considered for conducting a rigorous review. As the Company is engaged in investment holding for medium to long-term capital appreciation purposes and investment in listed and unlisted securities, there are no major customers and suppliers during the Reporting Period. With regards to the Company's suppliers, please also refer to the "Corporate Information" and the section "Major Customers and Suppliers" in this Annual Report.

4. TALENT SOLIDARITY

4.1 Talent Recruitment and Management

Talented employees are considered as the critical foundation and powerhouse of the Company's sustainable development. For employees' management, we strictly follow relevant laws and regulations of Hong Kong such as the "Employment Ordinance", the "Employee's Compensation Ordinance", the "Mandatory Provident Fund Schemes Ordinance", the "Sex Discrimination Ordinance" and the "Race Discrimination Ordinance" to establish a robust employee management system. As an equal opportunity employer, we adopt a fair, just and open approach to attract outstanding talents, and strive to create a non-discriminatory working environment. Our employment management system includes policies in employment, transfer, recruitment, training, promotion, discipline, remuneration and benefits, etc., to ensure equal opportunities and fair treatment for employees and candidates. If an employee proposes to resign, the human resources department of the Company will carry out resignation procedures according to internal policy. Employees are required to handle job handovers to ensure that other employees follow up on the work they are responsible for.

The Company strictly follows requirements of the "Employment Ordinance" of Hong Kong on the prevention of child labor and forced labor and adopts a zero-tolerance policy towards illegal labor. We strictly check the age of candidates when recruiting to avoid child labor, and enter into labor contracts with our employees to operate legally without involving forced labor. When the Company encounters child labor or forced labor, the Company will adopt corresponding measures strictly in accordance with the "Employment Ordinance" and other relevant regulations to ensure the most comprehensive protection of the rights and interests of relevant parties.

We are committed to providing employees with a fair, diversified and non-discriminatory working environment where employees respect, cooperate and support each other, and work together. In order to improve employees' communication and understand their views and suggestions, we have set up various channels, such as employee activities, etc. to solicit employees' opinions. At the same time, we continuously improve the employees' management system of CDB INT'L INV to provide them with a comfortable, fair and promising working environment.

During the Reporting Period, the Company had 7 full-time employees in total who stationed in Hong Kong (1 male, 6 females).

Below is the employee turnover rate of the Company during the Reporting Period:

		Turnover number (individual)	**Turnover rate[1]**
Total		1	14.3%
By gender	Male	1	100%
	Female	0	0%
By geographical region	Hong Kong	1	14.3%

The Company's relevant system operates well and has not received any complaints or lawsuits with regard to violations of recruitment, compensation, dismissal, promotion, performance evaluation, working hours, holidays, equal opportunities, diversity, anti-discrimination and other related matters.

4.2 Professional Training and Development

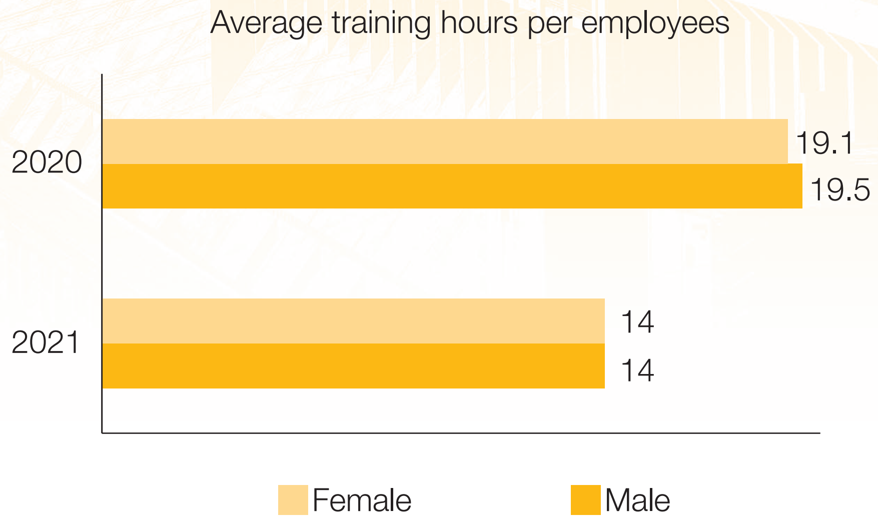
CDB INT'L INV is committed to providing employees with an exceptional professional training and development platform, encouraging employees to enhance their personal and professional capabilities, maintaining professional competitiveness and promoting steady development of the Company. The Company continuously improves its training system, integrates internal and external resources to provide diversified training programs and participates in lectures organized by relevant institutions to establish a decent learning exchange platform.

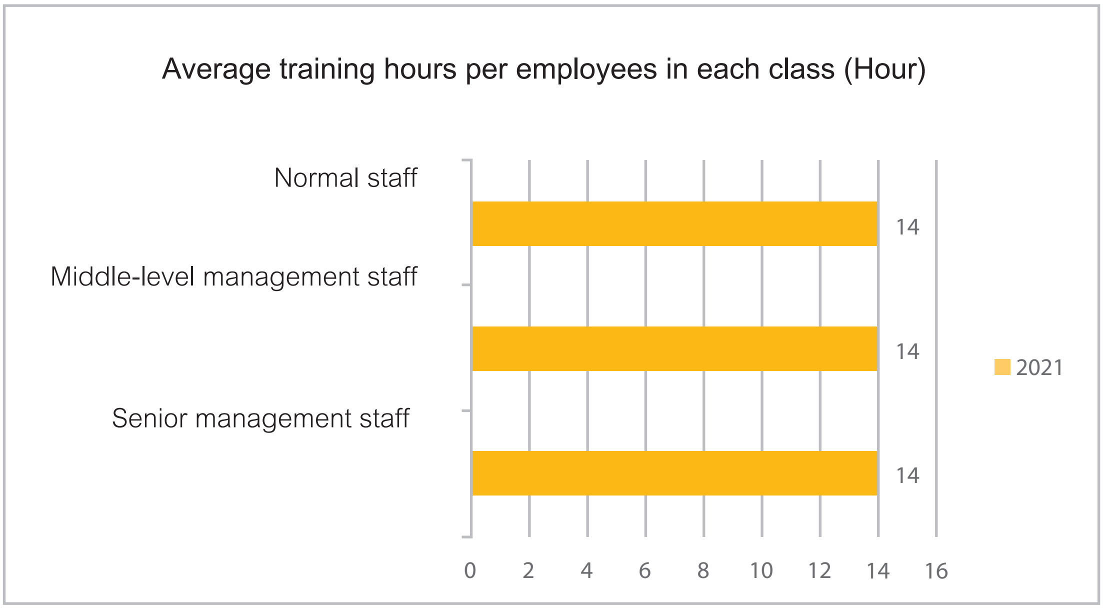
During the Reporting Period, the Company organized a series of internal and external training courses based on its development strategies and employees' characteristics. The topics of training cover financial market analysis, consumer behavior analysis, global market investment, and taxation to support CDB INT'L INV in more effectively carrying out its domestic and international investment projects, achieving sustainable business development.

The Company has not reduced the training resources during the Reporting Period. CDB INT'L INV carried out its virtual training through TED and departmental self-learning. The course content are practical and diverse, including laws and regulations, internal procedures, operation, regional and international trend and case studies. The training is carried out through cross-department, which also enhance internal communication. The Company also encourages employees to enroll in external education opportunities and courses to further improve themselves by acquiring more advanced professional skills and qualifications.

1 The turnover rate is calculated by dividing the number of staff lost under each class during the Reporting Period by the number of staff under that class as at the end of the Reporting Period.

During the Reporting Period, all 8 employees of the Company participated in the training program. Therefore, the training employee percentage is one hundred percent, in terms of gender (male and female) and employee category (normal staff, middle-level management staff and high-level management staff).





On the basis of strict compliance with the relevant employment laws, the Company has also formulated the "Employee Manual" according to its own circumstances, and referred to the "Measures for Promotion" of China Development International Holdings Limited ("**CBDIH**") to determine the specific rank of employees based on their personal performance appraisal, work experience, personal ability and position.

4.3 Employee Health and Safety

Ensuring the health and safety of employees in workplace is our responsibility. The Company strictly complies with relevant laws and regulations such as the “Occupational Safety and Health Ordinance” and the “Fire Safety (Commercial Premises) Ordinance” of Hong Kong, and continuously improves the establishment and management of health and safety systems. By organizing safety activities and training, we endeavor to create a safe, healthy, and comfortable working environment, protect the physical and mental health of employees, and minimize the probability of occupational diseases. Starting in 2019, the Company offers reimbursement to employees for sports and fitness expenses, encouraging employees to exercise in their spare time.

The Company attaches great value to creating a safe and comfortable office environment for employees and adopts a number of measures to maintain the environmental hygiene of our office. We employ professional companies to disinfect phones, keyboards, computers and other office equipment; clean glass windows, walls, carpets and deworm periodically. We regularly conduct inspections of items in the office, and promptly clean or replace items those that fail to meet the hygiene standards.

The Company understands and appreciates employees’ concern and needs during the pandemic by providing facemasks and sanitizing products. Home office policy is also arranged during the severe time to reduce infection risk during commuting. As the pandemic has alleviated during the Reporting Period, all employees have officially returned to the office to work in early 2021. The Company will pay close attention to the pandemic situation, always remind employees to maintain social distance, and encourage employees to get vaccinated.

To enhance employees’ awareness of safety precautions, we also encourage employees to cooperate in fire drills organized by the building property management company, and learn how to deal with emergencies through drills.

During the past three years (including the Reporting Period), the Company did not have any cases of work-related death or injuries, nor was it monitored or complained for violating occupational health and safety related laws.

4.4 Employee Compensation and Welfare

In order to retain the best talents, CDB INT'L INV has established a compensation and welfare system in accordance with the law, and provided competitive compensation and benefits based on the employee's performance, experiences and industry average. In addition to basic salary and mandatory provident fund, performance bonuses are also provided to employees to motivate hard work. We regularly adjust salary with reference to industry salary levels and price changes to ensure that employees are provided with competitive compensation to strengthen the talent force.

We deeply understand the importance of work-life balance for employees, and strictly implement the "Holiday Management System" to standardize the management of employees' working hours, holidays and rest periods. In addition to statutory holidays, the Company also provides employees with paid holidays including annual leave, sick leave, maternity leave, wedding leave, funeral leave, and exam leave. Each employee is acknowledged through the New Employee Training for detailed welfare policies and specific implementation methods, protecting the employees' legitimate rights, interests and work-life balance, and improving work efficiency.

While complying with the "Employment Ordinance", we also offer a wide variety of employee benefits, including labor insurance, mandatory and voluntary mandatory provident fund, medical insurance, communication fee, overtime subsidies, meal and overtime transportation allowances, heatstroke prevention and labor protection subsidies.

During the Reporting Period, social distance has to be kept because of the pandemic, and outdoor activities were reduced in 2021. Besides, employee birthday party, film appreciation, 38 women's day and festival gifts celebration activities were held.

5. ENVIRONMENTAL PROTECTION

CDB INT'L INV has always considered its green development from strategy to implementation. It strictly complies with relevant laws and regulations such as the "Air Pollution Control Ordinance". Our environmental protection concepts are integrated into business development and daily operation management, striving to reduce the negative impact of operations on the environment.

5.1 Energy Saving and Emission Reduction

Energy saving and reducing emissions are important parts in fulfilling our environmental responsibility. As the Company's main business is investment, the direct impact on the environment and the use of natural resources are relatively insignificant. The impact mainly comes from electricity, water, paper and fuel consumption for business travel.

Although the Company is not a high water-consuming industry with water supply mainly from the government water supply system and there is no difficulty in sourcing water, we nonetheless remind employees to save water by placing water saving signs.

In response to the use of vehicles for business travel, we have established a management system for use of vehicles, adhering to the principles of economical and efficient use. It encourages reasonable use of vehicles and regular maintenance to reduce fuel consumption, and thus reduce air pollution and greenhouse gas emissions. The Company does not involve in any production activities, and therefore it does not emit any pollutants on land or water sources, nor does it generate hazardous waste or use packaging materials.

During the Reporting Period, our operating activities were in compliance with environmental laws and regulations, and we have not received any punishment for violations of environmental laws and regulations.

5.2 Environmental Performance[2]

Resources Consumption[3]

Resources type[3]	2020 Consumption	2020 Consumption per person	2021 Consumption	2021 Consumption per person
Water Consumption[4]	420 L	60 L/ person	1,482 L	185 L/person
Energy Consumption	29.4 MWh	4.2 MWh/person	46.7 MWh	5.8 MWh/person
Indirect energy Electricity Consumption [5]	29 MWh	4.142 MWh/person	45 MWh	5.7 MWh/person
Direct energy Gasoline	0.4 MWh	0.6 MWh/person	1.7 MWh	0.2 MWh/person

Waste Generation[6]

Non-hazardous waste	2020 Generation	2020 Generation per person	2021 Generation	2021 Generation per person
Paper	55 kg	7.9 kg/person	84 kg	10.5 kg/person

Pollutant Emissions

Air Pollutants[7] and Wastewater[8]	2020 Emission	2020 Emission per person	2021 Emission	2021 Emission per person
NOx	25.4 g	3.6 g/person	120.6 g	15.1 g/person
SO_2	0.6 g	0.08 g/person	2.8 g	0.4 g/person
CO	228.1 g	32.6 g/person	1083.6 g	135.4 g/person
PM2.5	0.6 g	0.09 g/person	2.9 g	0.4 g/person
Wastewater	420 L	60 L/person	1,482 L	185 L/ person

2 As the pandemic situation improves in 2021 and office operations return to normal, so there is an overall increase of environmental performance compared to that in 2020.

3 The resources used by the Company are mainly attributed to electricity, water and paper consumed at the office and fuel consumed by vehicles for business.

4 The Company's sole place of business is located in Hong Kong, and in the office area rented by CDBIH in the Hong Kong International Finance Centre (IFC). Given that no individual water and electricity meters are set up in the office area, the total water and electricity consumption are estimated. The Company's water consumption is approximately one litre per person per day.

5 With reference to Note 4, the Company's electricity consumption is specifically estimated as follows.

$$\text{The Company's Electricity Consumption} = \text{CDBIH's Electricity Consumption Calculated by IFC Property} \times \frac{\text{Numbers of Employees}}{\text{Total/Numbers of Employees for the Company and CDBIH}}$$

6 During the Reporting Period, the Company did not produce any hazardous waste or packing materials.

7 Air pollution of the Company is mainly generated from exhaust emissions of its two business vehicles.

8 Domestic sewage generated by the Company office is piped from the IFC building sewage system to treatment plants for centralised disposal.

Greenhouse Gas indictors	Greenhouse gas emission 2020 emission	2020 Emission per person	2021 Emission	2021 Emission per person
CO_2 e (scope 1)[9]	106.4 kg	15.1 kg/person	505.4 kg	63.1 kg/person
CO_2 e (scope 2)[10]	23,300 kg	3,314.3 kg/person	32,268.1 kg	4,033.5 kg/person
CO_2 e (scope 3)[11]	264 kg	37.7 kg/person	403.2 kg	50.4 kg/person
Total CO_2 e	23,570 kg/person	3,367.1 kg/person	33,176.7 kg	4,147.1 kg/person

6. GIVING BACK TO SOCIETY

While the Company and its employees jointly pursuing sustainable development, CDB INT'L INV has always attached great importance to collaborating with the community and proactively undertaking corporate social responsibility with gratitude. As an active promoter of community public welfare activities, we actively leverage our own resource advantages to encourage employees to participate in activities that have a positive impact on society in addition to daily operating activities by serving and contributing to the community, promoting and fulfilling social responsibility, and committing to promote harmony, prosperity and sustainable development of businesses and society.

During the Reporting Period, the Company has kicked-off "Happiness Project-Helping Mothers in Poverty" donation activity, which organized and encouraged the Company's employees to donate and participate in charity affairs actively.

9 Greenhouse gases (Scope 1) are generated from the exhaust emissions of the Company's two business vehicles. Greenhouse gases included in the calculation were CO_2, CH_4 and N_2O. Please refer to "Appendix II: Reporting Guidance on Environmental KPIs" of the SEHK for the specific calculation.

10 Greenhouse gases (Scope 2) are generated from the electricity consumed by the Company through the production processes of suppliers

11 Greenhouse gases (Scope 3) mainly include CO_2 and CH_4 generated from the disposal of Company office's waste paper in landfill sites of Hong Kong. Other gas emissions included in Scope 3 are not included in the calculation. Please refer to "Appendix II: Reporting Guidance on Environmental KPIs" of the SEHK for the specific calculation.

7. INDEX OF CONTENTS OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

General disclosures and KPIs	Descriptions	Relevant section or other explanation of this report
Environment		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	5 Environmental Protection 5.1 Energy Saving and Emission Reduction
KPI A1.1	The types of emissions and respective emissions data	5.2 Environmental Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	5.2 Environmental Performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Due to the Company's business nature, this indicator is not applicable.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	5.2 Environmental Performance
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	The Company is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, and the main location for work is in office premises. The Company has no significant impact on greenhouse gas emissions, and thus has not set any target regarding this matter. For the Company's environmental protection measures, please refer to the chapter 5.1 Energy Saving and Emission Reduction.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	The Company is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, and the main location for work is in office premises. The Company has no significant impact on waste generation, and thus has not set any target regarding this matter. For the Company's environmental protection measures, please refer to the chapter 5.1 Energy Saving and Emission Reduction.

General disclosures and KPIs	Descriptions	Relevant section or other explanation of this report
Aspect A2: Use of resources		
General Disclosure	Policies on the efficient use of resources including energy water and other raw materials	5.1 Energy Saving and Emission Reduction
KPI A2.1	Direct and/or indirect energy consumption by type (electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	5.2 Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	5.2 Environmental Performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	The Company is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, and the main location for work is in office premises. The Company has no significant impact on energy use, and thus has not set any target regarding this matter. For the Company's environmental protection measures, please refer to the chapter 5.1 Energy Saving and Emission Reduction.
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	The Company is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, and the main location for work is in office premises. The Company has no significant impact on the use of water, and thus has not set any target regarding this matter. For the Company's environmental protection measures, please refer to the chapter 5.1 Energy Saving and Emission Reduction.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Due to the Company's bussiness nature, this indicator is not applicable.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	5.1 Energy Saving and Emission Reduction
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	5.1 Energy Saving and Emission Reduction

General disclosures and KPIs	Descriptions	Relevant section or other explanation of this report
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	As the Company is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, and the Company's main location for work is in office premises, the Company is not significantly impacted by climate change.
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	As the Company is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, and the Company's main location for work is in office premises, the Company is not significantly impacted by climate change. For the Company's environmental protection measures, please refer to the chapter 5.1 Energy Saving and Emission Reduction.

Social

Employment and Labor Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	4 Talent Solidarity
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	4.1 Talent Recruitment and Management The Company has yet to classify the total workforce statistics by age group, and thus has not yet disclosed the total workforce by age group. The Company will consider expanding the scope of disclosure in the future.
KPI B1.2	Employee turnover rate by gender, age group and geographical region	4.1 Talent Recruitment and Management The Company has yet to classify the total workforce statistics by age group, and thus has not yet disclosed the turnover rate by age group. The Company will consider expanding the scope of disclosure in the future.

General disclosures and KPIs	Descriptions	Relevant section or other explanation of this report
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	4.3 Employee Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	The Company had no work-related injuries and work-related fatalities in the past three years.
KPI B2.2	Lost days due to work injury	The Company had no work injury during the Reporting Period, and thus had no lost days due to work injury.
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	4.3 Employee Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	4.2 Professional Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	4.2 Professional Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category	4.2 Professional Training and Development

General disclosures and KPIs	Descriptions	Relevant section or other explanation of this report
Aspect B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	4 Talent Solidarity 4.1 Talent Recruitment and Management
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	4 Talent Solidarity 4.1 Talent Recruitment and Management
KPI B4.2	Description of steps taken to eliminate such practices when discovered	4 Talent Solidarity 4.1 Talent Recruitment and Management
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	3.4 Supply Chain Management
KPI B5.1	Number of suppliers by geographical region	The Company is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, there are no major customers and suppliers during the Reporting Period.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	3.4 Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	The Company is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, and had no major suppliers during the Reporting Period. As the environmental and social risks along the supply chain are not material to the Company, the Company has yet to make relevant disclosure.
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	3.4 Supply Chain Management

General disclosures and KPIs	Descriptions	Relevant section or other explanation of this report
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	3 Management Excellence 3.2 Compliance Operation The Company's business nature has no direct contact with any customers and is not involved in any production. Therefore, the issue of health and safety, adversitsing and labeling is not applicable. In addition, the Company did not involve in any commercial advertisements during the Reporting Period.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	As the Company is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, the Company has no direct contact with any customers and is not involved in any production, and thus this disclosure is not relevant to the Company's business.
KPI B6.2	Number of products and service related complaints received and how they are dealt with	As the Company is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, the Company has no direct contact with any customers and is not involved in any production, and thus this disclosure is not relevant to the Company's business.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	3.2 Compliance Operation
KPI B6.4	Description of quality assurance process and recall procedures	As the Company is engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities, the Company has no direct contact with any customers and is not involved in any production, and thus this disclosure is not relevant to the Company's business.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	3.2 Compliance Operation

General disclosures and KPIs	Descriptions	Relevant section or other explanation of this report
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	3.3 Professional Integrity
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases	3.3 Professional Integrity
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	3.3 Professional Integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff	3.3 Professional Integrity
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	6 Giving Back to Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	6 Giving Back to Society
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	6 Giving Back to Society

Independent Auditor's Report

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TO THE SHAREHOLDERS OF CHINA DEVELOPMENT BANK INTERNATIONAL INVESTMENT LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Development Bank International Investment Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 71 to 113, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of the Group's financial assets at fair value through profit or loss classified as level 3

Refer to note 3.3 and 15 of the consolidated financial statements.

The Key Audit Matter

The Group's financial assets at fair value through profit or loss ("**FVPL**") as at 31 December 2021 amounted to approximately HK$1,933 million which were categorised as level 3 in the fair value hierarchy.

The audit focused on the valuation of the financial assets at FVPL classified as level 3 in the fair value hierarchy due to the significance of the balance and the high degree of subjectivity and management judgement. Due to the fact that availability of market information is limited for these financial assets at FVPL, management judgement is involved in determining the assumptions to the unobservable inputs that were considered to be appropriate in their circumstances, and application of the appropriate valuation technique. These factors are all subject to a certain level of estimation uncertainty and inherent risk of subjectivity.

How the matter was addressed in our audit

With the involvement of our internal valuation team, our audit procedures to assess the fair value of financial assets included the following:

- understood, evaluated and validated the key controls and inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, in particular those over the valuation of financial assets at FVPL classified as level 3;

- evaluated the competence, independence, capabilities and objectivity of the Group's external valuer;

- assessed the appropriateness for the valuation technique used by management based on the market practice and our knowledge on the nature of the financial assets;

- evaluated the judgement made by management in determining the key assumptions, by comparing the supporting documentation to external market analysis, the market practice and our industry knowledge. We also performed an independent sensitivity analysis to evaluate those assumptions applied to the valuation model for calculating the fair value of the financial assets; and

- checked the mathematical accuracy of the valuation prepared by management via re-performance.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 30 March 2021.

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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

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

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

BDO Limited
Certified Public Accountants
Chan Wing Fai
Practising Certificate no. P05443

Hong Kong, 29 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Notes	**2021 HK$**	2020 HK$
Net valuation gains/(losses) on fair value of financial assets at fair value through profit or loss		**338,269**	(162,453,884)
Realised gain on disposal of financial asset at fair value through profit or loss		**6,093,771**	211,602,275
General and administrative expenses	7	**(18,037,705)**	(18,953,852)
Other gains, net		**3,796,685**	1,843,298
Dividend income from other investment		**952,400**	2,325,204
Gain on disposal of an associate		**–**	35,464,033
Share of losses in associates	14	**(475,414)**	(465,432)
Finance income	6	**272,978**	117,413
Finance costs	6	**(7,059,198)**	(13,879,700)
(Loss)/profit before income tax		**(14,118,214)**	55,599,355
Income tax expense	10	**–**	(2,441,749)
(Loss)/profit for the year attributable to owners of the Company		**(14,118,214)**	53,157,606
Other comprehensive loss			
Item that may be subsequently reclassified to profit or loss:			
Currency translation differences		**–**	3,647,042
Release of exchange reserve upon disposal of an associate		**–**	(9,327,522)
Other comprehensive loss for the year		**–**	(5,680,480)
Total comprehensive income for the year attributable to owners of the Company		**(14,118,214)**	47,477,126
(Loss)/earnings per share			
– Basic (HK cents)	12	**(0.49)**	1.83
– Diluted (HK cents)	12	**(0.49)**	1.83

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 HK$	2020 HK$
Assets			
Non-current assets			
Property, plant and equipment	13	**–**	–
Interest in an associate	14	**2,303,961**	2,779,375
Financial assets at fair value through profit or loss	15	**1,954,592,706**	1,954,254,437
		1,956,896,667	1,957,033,812
Current assets			
Prepayments and other receivables	17	**6,093,771**	94,154,039
Cash and cash equivalents	18	**265,243,204**	192,585,995
		271,336,975	286,740,034
Total assets		**2,228,233,642**	2,243,773,846
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	21	**29,022,154**	29,022,154
Reserves		**1,802,814,580**	1,816,932,794
Total equity		**1,831,836,734**	1,845,954,948
Liabilities			
Current liabilities			
Other payables and accruals	19	**6,396,908**	7,818,898
Borrowing	22	**390,000,000**	390,000,000
		396,396,908	397,818,898
Total liabilities		**396,396,908**	397,818,898
Total equity and liabilities		**2,228,233,642**	2,243,773,846

The consolidated financial statements on pages 71 to 113 were approved and authorised for issue by the Board of Directors on 29 March 2022 and were signed on its behalf:

BAI Zhe
Director

CHEUNG Ngai Lam
Director

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Attributable to owners of the Company						
	Share capital HK$	Share premium HK$	Special reserve HK$ (Note)	Exchange reserve HK$	Capital redemption reserve HK$	Retained earnings HK$	Total HK$
At 1 January 2020	29,022,154	1,043,800,995	382,880,958	5,680,480	270,200	336,823,035	1,798,477,822
Comprehensive income							
Profit for the year	–	–	–	–	–	53,157,606	53,157,606
Other comprehensive income							
Currency translation differences	–	–	–	3,647,042	–	–	3,647,042
Release of exchange reserve upon disposal of an associate	–	–	–	(9,327,522)	–	–	(9,327,522)
Total comprehensive income for the year	–	–	–	(5,680,480)	–	53,157,606	47,477,126
At 31 December 2020 and 1 January 2021	29,022,154	1,043,800,995	382,880,958	–	270,200	389,980,641	1,845,954,948
Comprehensive income							
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(14,118,214)**	**(14,118,214)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(14,118,214)**	**(14,118,214)**
At 31 December 2021	**29,022,154**	**1,043,800,995**	**382,880,958**	**-**	**270,200**	**375,862,427**	**1,831,836,734**

Note: Special reserve represents the difference between the amount recorded as share capital issued by the Company pursuant to a scheme of arrangement which became effective in April 2005 under section 166 of the Hong Kong Companies Ordinance in respect of ING Beijing Investment Company Limited ("**ING Beijing**") and the amount recorded for the share capital of ING Beijing acquired. ING Beijing was liquidated in November 2005.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 31 December 2021

	Notes	2021 HK$	2020 HK$
Cash flows from operating activities			
(Loss)/profit before income tax		**(14,118,214)**	55,599,355
Adjustments for:			
Finance income		**(272,978)**	(117,413)
Finance costs		**7,059,198**	13,879,700
Share of losses in associates	14	**475,414**	465,432
Gain on disposal of an associate		**–**	(35,464,033)
Realised gain on disposal of financial asset at fair value through profit or loss		**(6,093,771)**	(211,602,275)
Net valuation (gains)/losses in fair value of financial assets at fair value through profit or loss		**(338,269)**	162,453,884
Changes in working capital			
Changes in prepayments and other receivables		**(611,876)**	889,161
Changes in other payables and accruals		**(1,421,990)**	1,475,314
Changes in financial assets at fair value through profit or loss		**–**	358,046,144
Cash (used in)/generated from operations		**(15,322,486)**	345,625,269
Dividend received from other investment		**3,277,604**	–
Income tax paid		**–**	(4,338,168)
Net cash (used in)/generated from operating activities		**(12,044,882)**	341,287,101
Cash flows from investing activities			
Interest received		**272,978**	117,413
Dividend received from an associate	14	**–**	924,880
Net proceeds received from disposal of an associate		**91,488,311**	–
Net cash generated from investing activities		**91,761,289**	1,042,293
Cash flow from financing activities			
Interest paid		**(7,059,198)**	(13,879,700)
Repayments to bank borrowings		**–**	(780,000,000)
Proceeds from bank borrowings		**–**	624,000,000
Net cash used in financing activities		**(7,059,198)**	(169,879,700)
Net increase in cash and cash equivalents		**72,657,209**	172,449,694
Cash and cash equivalents at the beginning of the year	18	**192,585,995**	20,136,301
Cash and cash equivalents at the end of the year	18	**265,243,204**	192,585,995

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate holding company is China Development Bank International Holdings Limited ("**CDBIH**"), a private limited company established in Hong Kong and its ultimate holding company is China Development Bank ("**CDB**"), a wholly state-owned policy bank established on 17 March 1994 in the People's Republic of China ("**PRC**"). CDB is a limited liability company owned by the Ministry of Finance ("**MOF**") and Central Huijin Investment Ltd. ("**Huijin**"). The MOF is one of the ministries under the State Council, primarily responsible for state fiscal revenue and expenditures, and taxation policies. Huijin was established to hold certain equity investments as authorised by the State Council and does not engage in other commercial activities. Huijin exercises legal rights and obligations on behalf of the PRC government. The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report. The principal activities of the Company and its subsidiaries (the "**Group**") are to achieve medium-term to long-term capital appreciation of its assets primarily through its investments in money market securities, equity and debt related securities in listed and unlisted entities on a global basis. Details of the principal activities of the Company's subsidiaries are set out in Note 26. The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of the Company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

In preparing the consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group. During the year ended 31 December 2021, the Group incurred a loss attributable to the owners of the Company of approximately HK$14,118,000 and had a negative operating cash flow of approximately HK$12,045,000. As at 31 December 2021, the Group had net current liabilities of approximately HK$125,060,000, which included bank borrowing of HK$390,000,000 with contractual repayment date in March 2023 that is classified as a current liability as the bank has the overriding right to demand for repayment. These events or conditions may cast significant doubt about the Group's ability to continue as a going concern. The Directors consider the Group will be able to meet its financial obligations as they fall due for the foreseeable future after taking into account the continued availability of the Group's existing banking facilities and the availability of the unutilised revolving credit facilities of US$100,000,000 obtained in 2016 from CDBIH, the immediate holding company of the Company (Note 23(a)). Moreover, CDBIH has confirmed its intention to provide financial support for the continuing operations of the Group and the Company so as to enable it to meet its liabilities as they fall due and carry on its business without a significant curtailment of operations in the twelve months from 31 December 2021. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The area involving a higher degree of judgement or complexity, or area where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) New standards, amended standards and interpretations adopted by the Group

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

HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2
HKFRS 16 (Amendments)	Covid-19 – Related Rent Concessions

The adoption of the amendments listed above did not have material impact on the Group's accounting policies and consolidated financial statements.

(b) New standards, amendments to standards and interpretations not yet adopted

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretation 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 (Amendments)	Disclosure of Accounting Policies	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 16 (Amendments)	Property, plant and equipment: Proceed before Intended Use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 16 (Amendments)	Covid-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
HKFRS 17 (Amendments)	Insurance Contracts	1 January 2023
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations	1 January 2022
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022

The Group has already commenced an assessment of the impact of these new standards and amendments and none of those are expected to have material impact on the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting

(a) Subsidiaries

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

(b) Equity method

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

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

(c) Changes in ownership interests

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

(d) Separate financial statements

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

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

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's executive director.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in HK$, which is the Company's functional and the Group's presentation currency, as the Group's business is mainly carried out in Hong Kong and transacted in HK$.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of profit or loss and other comprehensive income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Foreign currency translation (continued)

(b) Transactions and balances (continued)

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

(c) Group companies

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

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

–	Leasehold improvements	3 years
–	Furniture and fixtures	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with carrying amount. These are included in 'general and administrative expenses' in the consolidated statement of profit or loss and other comprehensive income.

2.6 Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ('**cash-generating units**'). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investments and other financial assets

(i) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and

- those to be measured at amortised cost.

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

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

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

(ii) Recognition and derecognition

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investments and other financial assets (continued)

(iii) Measurement

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

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

Debt instruments

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

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

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Investments and other financial assets (continued)

(iv) Impairment

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position when the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Other receivables

Other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 17 for further information about the Group's accounting for other receivables and Note 2.7 for a description of the Group's impairment policies.

2.10 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions.

2.11 Share capital

Ordinary shares are classified as equity.

2.12 Other payables and accruals

These amounts represent liabilities for services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in consolidated statement of profit or loss and other comprehensive income as other income or finance costs.

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

2.14 Borrowing costs

All borrowing costs are expensed in consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

2.15 Current and deferred income tax

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

(a) Current income tax

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Current and deferred income tax (continued)

(b) Deferred income tax

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

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

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

2.16 Employee benefits

(a) Short-term obligations

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

(b) Pension obligations

The Group operates a defined contribution plan in Hong Kong and pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Employee benefits (continued)

(b) Pension obligations (continued)

The Group's employees employed in Hong Kong pursuant to the Employment Ordinance (Cap. 57, Laws of Hong Kong) participate in the Group's Mandatory Provident Fund Scheme (the "**Group's MPF Scheme**") pursuant to the Hong Kong Mandatory Provident Fund Schemes Ordinance (Cap. 485, Laws of Hong Kong, the "**MPFO**"). The Group's MPF Scheme is a defined contribution retirement plan administered by an independent trustee. Under the Group's MPF Scheme, the Group and the employees are each required to make monthly contributions to the Group's MPF Scheme at 5% of the employees' monthly relevant income (subject to a cap of monthly relevant income of HK$30,000, the ("**Monthly Cap**")). Such contributions to the Group's MPF Scheme vest immediately.

Subject to the MPFO, with respect to employees' monthly salary payments (including year-end bonus payments, as the case may be), the Group further makes voluntary monthly contributions to the Group's MPF Scheme for the benefits of its Hong Kong employees, which voluntary contribution amount is equivalent to 5% for the portion of the monthly salary payments exceeding the Monthly Cap (the "**Employer's Voluntary Contributions**"). The Hong Kong employees are entitled to receive 100% of the accumulated Employer's Voluntary Contributions (the amounts received by employees depending on the investment results and performance of the relevant portfolio ("**Adjustments**")) upon retirement (or early retirement or termination of employment, as the case may be) (collectively "**Retirement**") after completing 10 years of services. For Hong Kong employees after completing 3 to 9 years of services, they are entitled to receive the accumulated Employer's Voluntary Contributions at a scale ranging from 30% to 90% (subject to the Adjustments) upon Retirement.

Contributions made to the Group's MPF Scheme that are forfeited (by employer on behalf of those employees who leave the Group's MPF Scheme prior to the full vesting of their entitlement to the contributions in the case of Employer's Voluntary Contributions) may be applied by the Group to reduce the existing level of contributions. Notwithstanding the above, during the year ended 31 December 2021, there were neither contributions forfeited by the Group nor had there been any utilisation of such forfeited contributions to reduce future contributions (2020: Same). The accumulated forfeited contributions available as at 31 December 2021 for such use by the Group was HK$971,352 (2020: HK$860,015).

(c) Bonus plan

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholder. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Provisions

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

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

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

2.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of transactions and the specifics of each arrangement.

(a) Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

(b) Dividend income

Dividends are received from financial assets measured at FVPL. Dividends are recognised as other income in consolidated statement of profit or loss and other comprehensive income when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment.

2.19 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, other price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group does not use derivative financial instruments to hedge its financial risks.

Risk management is carried out by the management under policies approved by the Board of Directors. The management identifies and evaluates financial risks in close co-operation within the Group. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, other price risk, cash flow and fair value interest rate risk, credit risk and liquidity risk.

(i) Market risk

Foreign exchange risk

Foreign currency risk refers to the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group mainly operates in Hong Kong with most of the operating costs denominated and settled in HK$. The Group's exposure to foreign currency risk primarily arises from investments denominated in US$ against HK$ as functional currency. During the year, the Group did not have foreign currency hedging policy but management continuously monitors the foreign exchange exposure. As HK$ is pegged to US$, the Group does not expect any significant movements in the US$/HK$ exchange rates. No sensitivity analysis in respect of the Group's financial assets denominated in US$ is presented as in the opinion of the Directors, such sensitivity analysis does not give additional value in view of insignificant movement in the US$/HK$ exchange rates at the reporting dates.

Other price risk

The Group is exposed to price risk through its investments in financial assets at FVPL. In order to mitigate such risk, the Group would diversify its investment portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group. At 31 December 2021, if the price of the Group's financial assets at FVPL had been 10% higher/lower with all other variables held constant, the profit for the year would have increased/decreased by approximately HK$195.46 million (2020: approximately HK$195.43 million).

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(i) Market risk (continued)

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from borrowing with variable rates, which expose the Group to cash flow interest rate risk. During 2021 and 2020, the Group's borrowing at variable rate were mainly denominated in HK$.

As at 31 December 2021, with all other variables held constant, if the interest rate had increased/decreased by 10 basis point, the Group's post-tax profit would have been HK$325,650 (2020: HK$325,650) lower/higher.

(ii) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at FVPL and other receivables. The carrying amount of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

(i) Risk management

Credit risk is managed on a Group basis. For other receivables, the Group has policies in place to monitor the credit expose of the relevant parties. The Group will assess the financial capabilities of the relevant parties including its financial position, repayment histories, and its abilities to obtain financial support when necessary. Management also regularly reviews the recoverability of these receivables and follow up the disputes of amounts overdue, if any.

(ii) Impairment of financial assets

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables. Management is of the opinion that the risk of default by the counterparties are low and thus the loss allowances for these balance was insignificant as at 31 December 2021 (2020: same).

Cash and cash equivalent

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was insignificant.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(iii) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. In management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group's policy is to regularly monitor current and expected liquidity requirements in the short and long term.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period as at 31 December 2021 and 2020 to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year HK$	Total contractual cash flows HK$	Carrying amount HK$
As at 31 December 2021			
Other payables and accruals	**3,396,908**	**3,396,908**	**3,396,908**
Borrowing	**397,097,025**	**397,097,025**	**390,000,000**
	400,493,933	**400,493,933**	**393,396,908**
As at 31 December 2020			
Other payables and accruals	**5,618,898**	**5,618,898**	**5,618,898**
Borrowing	**398,510,529**	**398,510,529**	**390,000,000**
	404,129,427	**404,129,427**	**395,618,898**

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowing less cash and bank balances. Total capital is calculated as "Equity" as shown in the consolidated statements of financial position plus net debt.

The gearing ratio as at 31 December 2021 and 2020 are as follows:

	2021 HK$	2020 HK$
Total borrowing	**390,000,000**	390,000,000
Less: cash and cash equivalents	**(265,243,204)**	(192,585,995)
Net debt	**124,756,796**	197,414,005
Total equity	**1,831,836,734**	1,845,954,948
Total capital	**1,956,593,530**	2,043,368,953
	6%	10%

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2021 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

	Financial assets	Fair value as at 31 December 2021	Fair value as at 31 December 2020	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
i)	Unlisted ordinary shares of Jade Sino Ventures Limited	**HK$605,003,588**	HK$568,850,705	Level 3	Net asset value with an adjustment of discount rate for lack of marketability	Discount rate for lack of marketability of 15%. (2020: 15%)	The higher the discount rate for lack of marketability, the lower the fair value. (2020: Same)	If the discount rate for lack of marketability is 2.5% higher/lower with all other variables were held constant, the fair value would decrease/increase by HK$17,794,223 (2020: HK$16,730,903).
ii)	Unlisted ordinary shares of P.G. Logistics Property Investment Limited ("**P. G. Logistics**") (2020: Unlisted ordinary shares of Jolly Investment Limited)	**HK$250,271,905**	HK$288,600,000	Level 3	Option-Pricing model The key input are volatility and risk free rate.	Volatility, determined by reference to the average annualised standard deviation of the continuously compounded rates of return on the daily average adjusted share of the comparable companies, of 35.35% (2020: 40.16%). Risk free rate, determined by reference to the yields of government bonds with timeframes between the valuation date and expected exit dates, of 0.24% (2020: 0.07%)	The higher the volatility, the lower the fair value. (2020: The higher the volatility the higher the fair value.) The higher the risk free rate, the lower the fair value. (2020: The higher the risk free rate, the lower the fair value.)	If the volatility is 10% higher/lower, while all other variables were held constant, the fair value would decrease by HK$1,037,074 and increase by HK$226,720 respectively. (2020: increase by HK$1,466 and decrease by HK$1,069 respectively.) If the risk free rate is 10% higher/lower, while all other variables were held constant, the fair value would decrease by HK$41,191 and increase by HK$41,200 respectively. (2020: decrease by HK$60,709 and increase by HK$57,819 respectively.)
iii)	Listed equity securities of BEST Inc.	**HK$21,722,700**	HK$52,780,263	Level 1	Quoted bid prices in an active market	N/A	N/A	N/A
iv)	Unlisted convertible preferred shares with put option of Meicai (2020: Spruce)	**HK$565,462,846**	HK$569,400,000	Level 3	Option-Pricing model The key input are volatility and risk free rate.	Volatility, determined by reference to the average annualised standard deviation of the continuously compounded rates of return on the daily average adjusted share of the comparable companies, of 54.36% (2020: 45.89%). Risk free rate, determined by reference to the yields of government bonds with timeframes between the valuation date and expected exit dates, of 0.63% (2020: 0.19%)	The higher the volatility, the lower the fair value (2020: The higher the volatility, the higher the fair value). The higher the risk free rate, the higher the fair value (2020: Same).	If the volatility is 10% higher/lower, while all other variables were held constant, the fair value would decrease by HK$2,431,420 and increase by HK$526,600 respectively. (2020: increase by HK$5,055,406 and decrease by HK$4,077,099 respectively.) If the risk free rate is 10% higher/lower, while all other variables were held constant, the fair value would increase by HK$14,585 and decrease by HK$14,628 respectively. (2020: increase by HK$8,457 and decrease by HK$11,277 respectively.)

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

	Financial assets	Fair value as at 31 December 2021	Fair value as at 31 December 2020	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
v)	Unlisted convertible preferred shares with put option of G7 Networks Limited	**HK$323,894,954**	HK$296,400,000	Level 3	Option-Pricing model and back-solve method The key input are volatility, risk free rate and recent transaction price.	Volatility, determined by reference to the average annualised standard deviation of the continuously compounded rates of return on the daily average adjusted share of the comparable companies, of 41.78% (2020: 42%). Risk free rate, determined by reference to the yields of government bonds with timeframes between the valuation date and expected exit dates, of 0.63% (2020: 0.19%) Recent transaction price, determined by reference to the recent transaction price. (2020: N/A.)	The higher the volatility, the lower the fair value (2020: The higher the volatility, the higher the fair value). The higher the risk free rate, the higher the fair value (2020: Same). The higher the recent transaction price the higher the fair value. (2020: N/A.)	If the volatility is 10% higher/lower, while all other variables were held constant, the fair value would decrease by HK$3,769,689 and increase by HK$8,586,084 respectively. (2020: increase by HK$11,316,583 and decrease by HK$10,995,317 respectively.) If the risk free rate is 10% higher/lower, while all other variables were held constant, the fair value would increase by HK$112,466 and decrease by HK$112,713 respectively. (2020: increase by HK$45,562 and decrease by HK$60,749 respectively.) If the recent transaction price is 5% higher/lower, while all other variables were held constant, the fair value would increase by HK$59,477,141 and decrease by HK$64,349,462, respectively. (2020: N/A)
vi)	Unlisted convertible preferred shares with put option of Wacai Holdings Limited	**N/A**	–	Level 3	N/A (2020: Option-Pricing model The key inputs are volatility and risk free rate.)	N/A (2020: Volatility, determined by reference to the average annualised standard deviation of the continuously compounded rates of return on the daily average adjusted share of the comparable companies, of 68.64%) N/A (2020: Risk free rate, determined by reference to the yields of government bonds with timeframes between the valuation date and expected exit dates, of 0.01%)	N/A (2020: The higher the volatility, the higher the fair value.) N/A (2020: The higher the risk free rate, the lower the fair value.)	N/A (2020: If the volatility is 10% higher/lower, while all other variables were held constant, the fair value would increase by HK$Nil and decrease by HK$Nil respectively.) N/A (2020: If the risk free rate is 10% higher/lower, while all other variables were held constant, the fair value would decrease by HK$Nil and increase by HK$Nil respectively.)
vii)	Unlisted shares with put option of Yimidida Supply Chain Group Co., Ltd.*	**HK$188,236,713**	HK$178,223,469	Level 3	Option-Pricing model The key input are volatility and risk free rate.	Volatility, determined by reference to the average annualised standard deviation of the continuously compounded rates of return on the daily average adjusted share of the comparable companies, of 39.03% (2020: 40.06%). Risk free rate, determined by reference to the yields of government bonds with timeframes between the valuation date and expected exit dates, of 2.40% (2020: 2.95%)	The higher the volatility, the lower the fair value (2020: The higher the fair volatility, the higher the fair value). The higher the risk free rate, the higher the fair value. (2020: Same)	If the volatility is 10% higher/lower, while all other variables were held constant, the fair value would decrease by HK$1,455,496 and increase by HK$5,338,090 respectively. (2020: increase by HK$$8,583,577 and decrease by HK$8,662,840 respectively.) If the risk free rate is 10% higher/lower, while all other variables were held constant, the fair value would increase by HK$448,836 and decrease by HK$451,376 respectively. (2020: increase by HK$26,734 and decrease by HK$35,645 respectively.)

* *For identification purpose only*

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

The fair values of the financial assets are determined in accordance with option-pricing model which is a generally accepted pricing models.

Fair value hierarchy

	Level 1 HK$	Level 2 HK$	Level 3 HK$	Total HK$
2021				
Financial assets				
Financial assets at FVPL	**21,722,700**	**–**	**1,932,870,006**	**1,954,592,706**
2020				
Financial assets				
Financial assets at FVPL	52,780,263	–	1,901,474,174	1,954,254,437

The fair values of the financial assets included in the level 3 category above have been determined in accordance with option-pricing model, with the most significant inputs being the risk free rate and the volatility. The following table presents the changes in level 3 instruments for the year ended 31 December 2021 and 2020.

Reconciliation of level 3 fair value measurements

	Financial assets at FVPL HK$
At 1 January 2020	1,972,856,228
Total losses recognised in profit or loss	
– change in fair value of financial assets at FVPL	(71,382,054)
At 31 December 2020 and 1 January 2021	1,901,474,174
Total gains recognised in profit or loss	
– change in fair value of financial assets at FVPL	**37,489,603**
– disposal (Note 15 i (e))	**(6,093,771)**
At 31 December 2021	**1,932,870,006**

Of the total gains for the year included in profit or loss, HK$37,489,603 (total losses of 2020: HK$71,382,054) relates to financial assets at FVPL classified as level 3 held at the end of the reporting period. Fair value gains (2020: losses) on financial assets at FVPL are included in 'net valuation gains (2020: losses) on fair value of financial assets at FVPL'. Disposal gain of HK$6,093,771 on financial assets at FVPL classified as level 3 was recognised during the year. There was no disposal of financial assets at FVPL classified as level 3 during the year ended 31 December 2020.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Fair value of financial instruments measured at FVPL

The Group selects appropriate valuation techniques for financial instruments measured at FVPL for financial reporting purposes. The Director has delegated the valuation work to finance division of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of assets, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages a qualified valuer, an independent third party, to perform the valuation. The finance division works closely with the valuer to establish the appropriate valuation techniques and inputs to the model. The finance division of the Company reports the findings to the Directors of the Company regularly to explain the cause of fluctuations in the fair value of the assets and liabilities. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 3.3 provides detailed information about the valuation techniques and inputs used in the determination of the fair value of various assets.

Assessment of the Group's ability to continue as a going concern

As explained in Note 2.1 to the consolidated financial statements, the Directors do not consider that there are material uncertainties that cast doubt on the Group's going concern status over the course of the next fifteenth months from 31 December 2021. This judgement was made with consideration of the Group's liquidity position, given the underlying strength of the statement of financial position, the maturity dates of existing borrowings, the availability of unutilised loan facilities in place and the intention of the CDBIH to provide financial support for the continuing operations of the Group and the Company (as disclosed in Note 2.1) and the financial ability of the immediate holding company.

5 SEGMENT INFORMATION

The chief operating decision-maker ("**CODM**") has been identified as the Company's executive director. The Group's principal activity is investment in equity instruments and other financial instruments. For the purpose of resources allocation and assessment of performance, the CODM regularly reviews the Group's investment portfolio, including financial assets at FVPL. Information provided to the CODM includes fair value of the respective investees. The Group's financial assets at FVPL portfolio are managed and evaluated on a total return basis. No other discrete financial information was provided to the CODM. Therefore, the Group has identified only one operating segment-investment holding, and no separate segment information is disclosed. Management determines the Group is domiciled in Hong Kong, which is the location of the Group's principal office. The Group's non-current assets (other than financial assets at FVPL and property, plant and equipment) are located in the PRC, which is based on the operations of an associate. The Group's revenue was all derived from the Group's operation which is located in Hong Kong. Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

6 FINANCE COSTS, NET

	2021 HK$	2020 HK$
Finance income		
Bank interest income	**272,978**	117,413
Finance costs		
Interest expense of borrowing	**(7,059,198)**	(13,879,700)
Finance costs, net	**(6,786,220)**	(13,762,287)

7 EXPENSES BY NATURE

	Notes	2021 HK$	2020 HK$
Employee benefits expenses (Note)	9		
– Directors' emoluments	8	**300,213**	300,000
– Basic salaries and other benefits		**9,579,791**	7,901,689
– Retirement benefits contribution		**425,818**	366,140
Auditor's remuneration			
– Audit services		**860,000**	1,091,170
– Non-audit services		**200,000**	371,960
Investment management fees		**350,000**	350,000
Legal and professional fees		**1,875,677**	3,897,444
Others		**4,446,206**	4,675,449
Total of general and administrative expenses		**18,037,705**	18,953,852

Note: During the year ended 31 December 2021, the Group paid HK$1,166,502 (2020: HK$873,422) services fee to a personnel services company which provided staffs to the Group. Such amounts are excluded from the total staff costs as stated in the above.

8 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

Directors' and deputy chief executive officer's emoluments

The remuneration of every Director and deputy chief executive officer for the year ended 31 December 2021 and 2020 is set out below:

	Directors' fee HK$	**Basic salaries and other benefits HK$**	**Retirement benefits contributions HK$**	**Total HK$**
For the year ended 31 December 2021				
Executive Director				
Mr. BAI Zhe	**–**	**–**	**–**	**–**
Independent Non-Executive Director				
Mr. WANG Xiangfei (resigned on 28 January 2021)	**7,671**	**–**	**–**	**7,671**
Mr. FAN Ren Da, Anthony	**100,000**	**–**	**–**	**100,000**
Mr. SIN Yui Man	**100,000**	**–**	**–**	**100,000**
Mr. CHEUNG Ngai Lam (appointed on 28 January 2021)	**92,542**	**–**	**–**	**92,542**
	300,213	**–**	**–**	**300,213**

	Directors' fee HK$	Basic salaries and other benefits HK$	Retirement benefits contributions HK$	Total HK$
For the year ended 31 December 2020				
Executive Director				
Mr. BAI Zhe	–	–	–	–
Independent Non-Executive Director				
Mr. WANG Xiangfei (resigned on 28 January 2021)	100,000	–	–	100,000
Mr. FAN Ren Da, Anthony	100,000	–	–	100,000
Mr. SIN Yui Man	100,000	–	–	100,000
	300,000	–	–	300,000

Other than the Directors' emoluments disclosed above, Mr. BAI Zhe received emoluments from its immediate holding company, amounting to HK$669,300 (2020: HK$1,207,956), part of which is in respect of their services to the immediate holding company and its subsidiaries.

No apportionment has been made as the Directors consider that it is impracticable to apportion this amount between their services to the Group and their services to the Company's immediate holding company. No directors waived any emolument during the year ended 31 December 2021 (2020: Nil).

8 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (continued)

Directors' and deputy chief executive officer's emoluments (continued)

(a) Directors' retirement and termination benefits

None of the Directors received or will receive any retirement and termination benefits during the year (2020: Nil).

(b) Consideration provided to third parties for making available Directors' services

During the year ended 31 December 2021, the Company did not pay consideration to any third parties for making available Directors' services (2020: Nil).

(c) Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors

As at 31 December 2021, there is no loan, quasi-loan and other dealing arrangement in favour of the Directors, controlled bodies corporate and connected entities of such Directors (2020: Nil).

(d) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2021 (2020: Nil).

9 EMPLOYEE BENEFITS EXPENSES, INCLUDING DIRECTORS' EMOLUMENTS

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any Director whose emoluments is reflected in the analysis shown in Note 8 (2020: same). The emoluments payable to the five (2020: five) individuals during the year are as follows:

	2021 HK$	2020 HK$
Basic salaries, bonus and other benefits	**7,354,486**	5,903,000
Retirement benefits contributions	**361,298**	90,000
	7,715,784	5,993,000

The five highest paid individuals fell within the following bands:

	No. of individuals	
	2021	2020
Emolument bands		
Nil to HK$1,000,000	**1**	1
HK$1,000,001 to HK$1,500,000	**3**	3
HK$1,500,001 to HK$2,000,000	**1**	1
	5	5

No incentive was paid by the Group to the above individuals as inducements to join, or upon joining the Group.

10 INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% (2020: 16.5%) of the estimated assessable profit. No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group did not generate any assessable profits arising in Hong Kong during the year ended 31 December 2021 (2020: Nil).

Pursuant to the Corporate Income Tax Law, 10% (2020: 10%) withholding tax is levied on the PRC sourced income on foreign entities without establishments or places of business in the PRC.

	Note	**2021 HK$**	2020 HK$
Current income tax		**–**	4,245,680
Withholding tax		**–**	92,488
Deferred income tax	20	**–**	(1,896,419)
		–	2,441,749

10 INCOME TAX EXPENSE (continued)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits or losses of the consolidated entities as follows:

	2021 HK$	2020 HK$
(Loss)/profit before income tax	**(14,118,214)**	55,599,355
Calculated at domestic tax rates applicable to profits or losses in the respective countries	**(2,298,606)**	6,584,836
Expenses not deductible for tax purposes	**37,404,965**	59,230,231
Income not subject to tax	**(38,992,262)**	(64,345,379)
Associates' results reported net of tax	**47,541**	46,543
Tax losses for which no deferred income tax asset was recognised	**3,838,362**	2,821,937
Tax effect of undistributed earnings of associates	**–**	(1,896,419)
Income tax expense	**–**	2,441,749

11 DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2021, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

12 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing:

- the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year.

	2021 HK$	2020 HK$
(Loss)/profit for the year attributable to owners of the Company	**(14,118,214)**	53,157,606

	2021 No. of shares	2020 No. of shares
Weighted average number of shares in issue	**2,902,215,360**	2,902,215,360
Basic (loss)/earnings per share (in HK cents)	**(0.49)**	1.83
Diluted (loss)/earnings per share (in HK cents)	**(0.49)**	1.83

12 (LOSS)/EARNINGS PER SHARE (continued)

(b) Diluted

Diluted (loss)/earnings per share was the same as the basic (loss)/earnings per share as there were no potential dilutive ordinary shares in existence during both years presented.

Basic (loss)/earnings per share is calculated by dividing the profit or loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year. The calculation of diluted (loss)/earnings per ordinary share is based on the profit or loss for the year attributable to owners of the Company and the weighted average number of ordinary shares used, which is the same for calculating basic (loss)/earnings per ordinary share above, as the Company did not have any dilutive potential ordinary shares arising from share options for the year ended 31 December 2021 and 2020.

13 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK$	Furniture and fixtures HK$	Total HK$
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021			
Cost	401,733	357,522	759,255
Accumulated depreciation	(401,733)	(357,522)	(759,255)
Net book amount	–	–	–

As at 31 December 2021 and 31 December 2020, the Group had gross carrying amount of fully depreciated property, plant and equipment of HK$759,255 that is still in use.

14 INTEREST IN AN ASSOCIATE

	2021 HK$	2020 HK$
At 1 January	**2,779,375**	68,873,347
Share of losses	**(475,414)**	(465,432)
Dividend from an associate	**–**	(924,880)
Disposal of an associate	**–**	(68,350,702)
Currency translation difference	**–**	3,647,042
At 31 December	**2,303,961**	2,779,375

14 INTEREST IN AN ASSOCIATE (continued)

The Group's principal associates accounted for using the equity method are as

Beijing Far East Instrument Company Limited ("**BJFE**") and China Property Development (Holdings) Limited ("**CPDH**")

Name of associate	Place of incorporation/ establishment	Place of operation	Equity interest attributable to the Group		Proportion of voting power held		Principal activities
			31 December 2021	31 December 2020	**31 December 2021**	31 December 2020	
Beijing Far East Instrument Company Limited	PRC	PRC	**-**	–	**-**	–	Manufacture of electronic and electrical instruments
China Property Development (Holdings) Limited	The Cayman Islands	PRC	**33.42%**	33.42%	**20.49%**	20.49%	Investment holding

The Group lost significant influence over BJFE during the year ended 31 December 2020 due to a disposal of equity interest through listing-for-sale on China Beijing Equity Exchange on 3 December 2020. As the result, BJFE ceased to be an associate of the Group on 3 December 2020 in accordance with Hong Kong Accounting Standard 28 Investments in Associates and Joint Ventures ("**HKAS 28**"). Accordingly, the investment in BJFE at the date when significant influence is lost was recognised in consolidated statement of profit or loss and other comprehensive income.

Immediately after the loss of significant influence over BJFE, it was accounted for as a disposal of the entire interest in BJFE, with a resulting gain of approximately HK$35,464,033 on disposal of an associate recognised in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2020. The following table illustrates the summarised financial information of the associate up to the date of disposal in last year:

	From 1 January 2020 to date of disposal HK$
Revenue	509,913,610
Loss for the period	(1,165,239)
Other comprehensive loss	(86,029)
Total comprehensive loss	(1,251,268)

14 INTEREST IN AN ASSOCIATE (continued)

Summarised financial information for associate

Set out below is the summarised financial information for CPDH which is accounted for using the equity method.

Summarised statement of financial position

	CPDH	
	2021 HK$	2020 HK$
Current		
Total current assets	**27,402,694**	29,132,745
Total current liabilities	**(20,508,735)**	(20,816,242)
Net assets	**6,893,959**	8,316,503

Summarised statement of profit or loss and other comprehensive income

	CPDH	
	2021 HK$	2020 HK$
Loss before income tax	**(1,422,544)**	(521,012)
Loss for the year	**(1,422,544)**	(521,012)
Total comprehensive loss	**(1,422,544)**	(521,012)

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in an associate:

	CPDH	
	2021 HK$	2020 HK$
Opening net assets as at 1 January	**8,316,503**	8,837,515
Loss for the year	**(1,422,544)**	(521,012)
Closing net assets as at 31 December	**6,893,959**	8,316,503
Interest in an associate	**33.42%**	33.42%
Carrying value as at 31 December	**2,303,961**	2,779,375

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2021 **HK$**	2020 HK$
Financial assets at FVPL (Note i, ii)	**1,954,592,706**	1,665,654,437
Investment in an associate measured at FVPL (Note ii)	**–**	288,600,000
	1,954,592,706	1,954,254,437
Analysed to reporting purpose as		
Non-current assets	**1,954,592,706**	1,954,254,437
Current assets	**–**	–
	1,954,592,706	1,954,254,437

Certain financial assets of the Group are designated at FVPL because the relevant financial assets constitute a group that is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management and investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel. Changes in fair values of financial assets at FVPL are recorded in the consolidated statement of profit or loss and other comprehensive income. The information of the fair values of financial assets at FVPL is disclosed in Note 3.3.

Note i

(a) On 29 September 2014, the Group entered into a share subscription agreement with Jade Sino Ventures Limited ("**Jade Sino**"). Pursuant to the agreement, the Group subscribed 11,904 ordinary shares of Jade Sino for an aggregate amount of US$24,998,400 (equivalent to HK$194,987,520), representing approximately 23.81% of the issued share capital of Jade Sino.

Jade Sino is an investment holding company incorporated in the British Virgin Islands with limited liabilities. It directly held 20% of the equity interests of Jinko Power Technology Co., Ltd. ("**Jinko Power**"), a company incorporated in the PRC with limited liabilities in 2014. Jinko Power and its subsidiaries are principally engaged in developing, building and operating photovoltaic power stations in the PRC.

Shares of Jinko Power were successfully listed for trading on Shanghai Stock Exchange in May 2020.

During the year ended 31 December 2021, Jade Sino has completed reduction in the holding of the equity interest in Jinko Power by 55,310,000 shares, representing 2% of Jinko Power's total share capital, through centralised bidding transaction.

As at 31 December 2021, the fair value of the ordinary shares of Jade Sino held by the Group was approximately HK$605,004,000 (2020: HK$568,851,000). As at 31 December 2021, Jade Sino directly held approximately 9.35% (2020: 11.78%) of the equity interests of Jinko Power.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note i (continued)

(b) On 18 January 2016, the Group entered into a shares subscription agreement with Best Inc. ("**Best Inc.**"). Pursuant to the agreement, the Group subscribed 3,317,010 convertible preferred shares of Best Inc. for an aggregate amount of US$30,000,000 (equivalent to HK$234,000,000), representing 0.96% of the issued share capital of Best Inc..

Shares of BEST Inc. were successfully listed for trading on New York Stock Exchange in September 2017.

BEST Inc. ("**BEST**") (NYSE: BEST) is principally engaged in express delivery, freight delivery and supply chain service. As at 31 December 2021, the fair value of the shares held by the Group was approximately HK$21,723,000 (2020: HK$52,780,000). As at 31 December 2021, the proportion of its issued share capital of BEST Inc. owned by the Group was approximately 0.85% (2020: 0.85%).

(c) On 24 November 2016, the Group entered into a shares subscription agreement with Meicai. Pursuant to the agreement, the Group subscribed 34,441,169 convertible preferred shares of Meicai for an aggregate amount of US$25,700,000 (equivalent to HK$200,460,000).

Meicai is an investment holding company incorporated in the Cayman Islands with limited liabilities. It provides supply chain related services including ingredient procurement, warehousing and distribution to small-and-medium-sized restaurants in the PRC.

As at 31 December 2021, the fair value of the preferred shares with the put option of Meicai held by the Group was approximately HK$565,463,000 (2020: HK$569,400,000). As at 31 December 2021, the proportion of the issued share capital of Meicai owned by the Group was approximately 1.06% (2020: 1.06%).

(d) On 29 December 2016, Excellent Fleet Limited, a wholly owned subsidiary of the Company, entered into a share subscription agreement with G7 Networks Limited ("**G7**"). Pursuant to the agreement, the Group subscribed 1,986,008 convertible preference shares of G7 for an aggregate amount of US$25,000,000 (equivalent to HK$195,000,000).

The convertible preferred shares may, at the option of the Group, be converted into fully paid ordinary shares of G7. In addition, the preferred shares are redeemable at the option of the Group if a qualified IPO has not occurred on or prior to 31 December 2023, with an annual return of 12% on the principal.

G7 was incorporated in the Cayman Islands with limited liabilities and engages in fleet logistic management services.

As at 31 December 2021, the fair value of the preferred shares with the put option of G7 held by the Group was approximately HK$323,895,000 (2020: HK$296,400,000). As at 31 December 2021, the proportion of the issued share capital of G7 owned by the Group was approximately 3.46% (2020: 4.14%).

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note i (Continued)

(e) On 8 April 2017, Excellent Fortune Limited, a wholly-owned subsidiary of the Company entered into a preferred share purchase agreement with Wacai Holdings Limited. Pursuant to the agreement, the Group subscribed 3,317,010 preferred shares of Wacai Holdings Limited for an aggregate amount of US$25,000,000 (equivalent to HK$195,000,000) ("**Wacai**").

The preferred shares may, at the option of the Group, be converted into fully paid ordinary shares of Wacai Investment. In addition, the convertible preferred shares are redeemable at the option of the Group if a qualified IPO has not occurred on or prior to 27 April 2021, with an annual return of 10%. The Group has not exercised the right during the year.

Wacai Investment operates an online comprehensive financial planning and wealth management platform in the fin-tech industry in the PRC. Due to the tightening of regulation on internet finance, the business performance of Wacai Investment was adversely and continuously affected. The Group considered that the effect to the carrying amount of Wacai Investment to be of no significant value and hence recognised a total loss on fair value of financial assets at fair value through profit or loss of approximately HK$202,800,000 for the year ended 31 December 2020.

As at 31 December 2020, the fair value of the preferred shares with the put option of Wacai Investment held by the Group was written down to zero due to the irrecoverability of Wacai Investment. As at 31 December 2020, the proportion of the issued share capital of Wacai owned by the Group was approximately 3.08%.

During the year ended 31 December 2021, the Group completed the disposal all of the Wacai Investment to an independent third party with consideration of RMB5,000,000 (equivalent to HK$6,093,771).

(f) On 30 November 2017, Excellent Graticule Limited, a wholly-owned subsidiary of the Company entered into a capital increment agreement with Yimidida Logistics Management Limited ("**Yimidida**") ("**Yimidida Capital Increment Agreement**"). Pursuant to the agreement, the Group subscribed for the shares of Yimidida for an aggregate amount of RMB130,000,000, representing 7.39% of the issued share capital of Yimidida.

Yimidida is principally engaged in the operation of the less-than-truckload freight network and was jointly established by several regional leading less-than-truckload logistics enterprises, Yimidida, with the mode of direct operation in core areas and regional franchise, unified the branding, systems, clearing, services and management standards of its partners along the whole ecological chain, and rapidly established the country-wide freight franchise network.

As at 31 December 2021, the fair value of the issued share capital owned by the Group was approximately HK$188,237,000 (2020: HK$178,223,000). As at 31 December 2021, the proportion of the issued share capital of Yimidida owned by the Group was approximately 2.59% (2020: 2.59%).

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Note ii

On 15 December 2015, the Group entered into a share subscription agreement with Jolly Investment Limited ("**Jolly**"). Pursuant to the agreement, the Group subscribed 7,245 ordinary shares of Jolly for an aggregate amount of US$25,000,000 (equivalent to HK$195,000,000).

Jolly is an investment holding company incorporated in the Cayman Islands with limited liabilities. It indirectly holds 20.91% of the equity interests of Guangzhou P.G. Investment Co., Ltd. (廣州寶供投資有限公司) ("**PG Investment**"), a company incorporated in the PRC. PG Investment is a logistics warehouse infrastructure operator in the PRC. On 25 May 2021, following the completion of the restructuring of overseas red chips, PG Investment became a wholly-owned subsidiary of P.G. Logistics, a newly established investment holding company incorporated in the Cayman Islands (the "**Restructuring**"). As a result, the equity interests of Jolly held by the Group have been converted into relevant shares of P.G. Logistics. The Restructuring of PG Investment has not affected the effective shareholding ratio of the Group in PG Investment.

As at 31 December 2021, the fair value of the ordinary shares of P.G. Logistics (31 December 2020: Jolly) held by the Group was approximately HK$250,272,000 (31 December 2020: HK$288,600,000). As at 31 December 2021, the Group directly held 4.82% of equity interests of P.G. Logistics and P.G. Logistics indirectly held entire equity interests of PG Investment after the Restructuring. The Group has reclassified the interest in an associate at FVTPL to financial assets at FVTPL. (31 December 2020: Jolly indirectly held approximately 20.91% of the equity interest of PG Investment. The effective equity interest of PG Investment held by the Group was 4.82%.)

16 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

	Notes	**2021 HK$**	2020 HK$
Financial assets			
Financial assets at amortised cost			
Other receivables	17	**6,093,771**	93,813,515
Cash and cash equivalents	18	**265,243,204**	192,585,995
Financial assets at FVPL	15	**1,954,592,706**	1,954,254,437
		2,225,929,681	2,240,653,947
Financial liabilities			
Financial liabilities at amortised cost			
Other payables and accruals	19	**3,396,908**	5,618,898
Borrowing	22	**390,000,000**	390,000,000
		393,396,908	395,618,898

17 PREPAYMENTS AND OTHER RECEIVABLES

	2021 **HK$**	2020 HK$
Prepayments	**–**	340,524
Other receivables	**6,093,771**	93,813,515
	6,093,771	94,154,039

The carrying amounts of the other receivables approximate their fair values.

The carrying amounts of the other receivables are denominated in the following currencies:

	2021 **HK$**	2020 HK$
HK$	**–**	340,524
Renminbi ("RMB")	**6,093,771**	93,813,515
	6,093,771	94,154,039

The Group does not hold any collaterals as security, information about the impairment of other receivables and the Group's exposure to credit risk can be found in Note 3.1 (ii).

18 CASH AND CASH EQUIVALENTS

	2021 **HK$**	2020 HK$
Cash at banks and on hand	**265,243,204**	192,585,995

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2021 **HK$**	2020 HK$
US$	**179,601,085**	185,011,839
HK$	**8,844,796**	6,757,028
RMB	**76,797,323**	817,128
	265,243,204	192,585,995

19 OTHER PAYABLES AND ACCRUALS

	2021 HK$	2020 HK$
Accrued operating expenses	**6,396,908**	7,818,898

The carrying amounts of the other payables approximate their fair values.

The carrying amounts of the other payables are denominated in the following currencies:

	2021 HK$	2020 HK$
US$	**1,072,656**	1,341,756
HK$	**4,950,281**	4,424,681
RMB	**373,971**	2,052,461
	6,396,908	7,818,898

20 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised and movements thereon during the year:

	Note	**Undistributed profit of an associate** HK$
At 1 January 2020		1,896,419
Charged to the consolidated statement of profit or loss and other comprehensive income	10	(1,896,419)
At 31 December 2020, 1 January 2021 and 31 December 2021		–

At the end of the year, the Group had unused tax losses of HK$68,603,769 (2020: HK$45,340,969). Subject to the final assessment of the Hong Kong Inland Revenue Department, these tax losses are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams in prior years.

21 SHARE CAPITAL

	Number of shares	**Nominal value of shares** HK$
Ordinary shares, issued and fully paid:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	2,902,215,360	29,022,154

22 BORROWING

	2021 **HK$**	2020 HK$
Bank borrowing	**390,000,000**	390,000,000

The borrowing will be matured on 24 March 2023 and the bank has the overriding right to demand for repayment.

The carrying amount of borrowing of the Group approximates its fair value and is denominated in US$. The bank borrowing carried floating rates at London Interbank Offered Rate plus 1.6%. Total bank borrowing of HK$390,000,000 (2020: HK$390,000,000) is unsecured and the bank has the overriding right to demand for repayment.

The Group has utilised the loan facilities from China Construction Bank (Asia) Corporation Limited by drawing down loans of US$50,000,000 on 25 March 2020. The bank borrowing of HK$546,000,000 (equivalent to US$70,000,000) from China Minsheng Banking Corp., Ltd. Hong Kong Branch as at 31 December 2019 was fully settled on 30 March 2020.

23 RELATED PARTY TRANSACTIONS

The Company's immediate holding company is CDBIH, a private limited company established in Hong Kong and its ultimate holding company is CDB, a wholly state-owned policy bank established on 17 March 1994 in the PRC. CDB is a limited liability company owned by the MOF and Huijin. The MOF is one of the ministries under the State Council, primarily responsible for state fiscal revenue and expenditures, and taxation policies. Huijin was established to hold certain equity investments as authorised by the State Council and does not engage in other commercial activities. Huijin exercises legal rights and obligations on behalf of the PRC government.

In addition to those disclosed elsewhere in the financial statements, the following transactions were carried out with related parties:

(a) On 11 November 2016, the Company entered into a loan facility agreement with its immediate holding company which will provide term loans to the Company with amount up to US$100,000,000. The term loans are unsecured, interest bearing at LIBOR + 1.65% per annum, and repayable at twelve months after the date of withdrawal. As at 31 December 2021, the Company has not utilised any of the loan facility (2020: same).

23 RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel compensation

Key management includes Directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	2021 **HK$**	2020 HK$
Short term benefits	**4,643,277**	3,949,750
Post-employment benefits	**249,981**	54,000
	4,893,258	4,003,750

Note: Certain directors' compensation was borne by the immediate holding company of the Group.

(c) The Group shared the office premises with its immediate holding company and the rental expense was borne by its immediate holding company.

24 CASH FLOW INFORMATION

Reconciliation of liabilities arising from financing activities:

	Borrowing HK$
At 1 January 2020	546,000,000
Repayments to bank borrowings	(780,000,000)
Proceeds from bank borrowings	624,000,000
Interest paid	(13,879,700)
Other changes:	
Interest expenses	13,879,700
At 31 December 2020 and 1 January 2021	390,000,000
Interest paid	(7,059,198)
Other changes:	
Interest expenses	7,059,198
At 31 December 2021	**390,000,000**

25 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2021 HK$	2020 HK$
Assets			
Non-current assets			
Property, plant and equipment		**–**	–
Investments in subsidiaries		**10**	18
Financial assets at fair value through profit or loss		**1,442,461,039**	1,479,630,968
Amounts due from subsidiaries		**349,900,048**	561,890,574
		1,792,361,097	2,041,521,560
Current assets			
Prepayments and other receivables		**6,093,771**	2,665,728
Cash and cash equivalents		**264,355,945**	190,879,899
Total assets		**2,062,810,813**	2,235,067,187
Equity and liabilities			
Liabilities			
Current liabilities			
Other payables and accruals		**6,221,408**	7,643,956
Borrowing		**390,000,000**	390,000,000
Amounts due to subsidiaries		**92,600,606**	92,600,606
		488,822,014	490,244,562
Equity			
Capital and reserves			
Share capital		**29,022,154**	29,022,154
Reserves	(b)	**1,544,966,645**	1,715,800,471
Total equity		**1,573,988,799**	1,744,822,625
Total equity and liabilities		**2,062,810,813**	2,235,067,187

(b) Reserve movement of the Company

	Share premium HK$	Capital redemption reserve HK$	Retained earnings HK$	Total HK$
1 January 2020	1,043,800,995	270,200	492,945,661	1,537,016,856
Profit for the year	–	–	178,783,615	178,783,615
At 31 December 2020	1,043,800,995	270,200	671,729,276	1,715,800,471
Loss for the year	–	–	(170,833,826)	(170,833,826)
At 31 December 2021	**1,043,800,995**	**270,200**	**500,895,450**	**1,544,966,645**

26 SUBSIDIARIES

The following is a list of the subsidiaries at 31 December 2021 and 2020:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Paid up issued ordinary share capital	Proportion of ordinary share capital directly held by the controlling company (%) 2021	2020
Pacific Equity Venture Inc.	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share of HK$1	–	100%
Kencheers Investments Ltd.	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share of HK$1	**100%**	100%
Excellent Fleet Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share of US$1	**100%**	100%
Excellent Fortune Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	1 share of US$1	–	100%
Excellent Graticule Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	1 share of HK$1	**100%**	100%

None of the subsidiaries had issued any debt securities at the end of the year (2020: Nil).

27 NET ASSET VALUE PER SHARE

	2021 HK$	2020 HK$
Net asset value per share	**0.63**	0.64

Net asset value per share is computed based on the consolidated net assets of HK$1,831,836,734 (2020: HK$1,845,954,948) and 2,902,215,360 ordinary shares in issue as at 31 December 2021 and 2020.

28 EVENT AFTER THE BALANCE SHEET DATE

The Directors are not aware of any significant event requiring disclosure that had taken place subsequent to 31 December 2021 and up to the date of this report.

Five Year Financial Summary

For the five year ended 31 December 2021

The consolidated results and assets and liabilities of the Group for the past five years:–

Results

	2021 HK$	2020 HK$	2019 HK$	2018 HK$	2017 HK$
(Loss)/profit before income tax	**(14,118,214)**	55,599,355	176,101,120	139,738,316	176,547,163
Assets and liabilities					
Non-current assets					
Property, plant and equipment	**–**	–	–	–	–
Interest in associates	**2,303,961**	2,779,375	68,873,347	70,484,937	73,892,455
Financial assets at fair value through profit or loss	**1,954,592,706**	1,954,254,437	2,116,708,321	1,816,488,607	1,874,231,337
	1,956,896,667	1,957,033,812	2,185,581,668	1,886,973,544	1,948,123,792
Current assets					
Financial asset at fair value through profit or loss	**–**	–	146,443,869	232,051,606	–
Other receivables, prepayments and deposits	**6,093,771**	94,154,039	555,987	–	49,196
Cash and cash equivalents	**265,243,204**	192,585,995	20,136,301	59,154,395	92,873,839
	271,336,975	286,740,034	167,136,157	291,206,001	92,923,035
Current liabilities					
Other payables and accruals	**(6,396,908)**	(7,818,898)	(6,343,584)	(6,277,290)	(5,486,625)
Borrowing	**(390,000,000)**	(390,000,000)	(546,000,000)	(546,000,000)	(546,000,000)
Net current liabilities	**(125,059,933)**	(111,078,864)	(385,207,427)	(261,071,289)	(458,563,590)
Total assets less current liabilities	**1,831,836,734**	1,845,954,948	1,800,374,241	1,625,902,255	1,489,560,202
Non-current liability					
Deferred tax liabilities	**–**	–	(1,896,419)	(1,963,374)	(1,891,654)
Net assets	**1,831,836,734**	1,845,954,948	1,798,477,822	1,623,938,881	1,487,668,548
Capital and reserves					
Share capital	**29,022,154**	29,022,154	29,022,154	29,022,154	29,022,154
Reserves	**1,802,814,580**	1,816,932,794	1,769,455,668	1,594,916,727	1,458,646,394
Total equity	**1,831,836,734**	1,845,954,948	1,798,477,822	1,623,938,881	1,487,668,548