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## 中國投資基金有限公司

CHINA INVESTMENT FUND COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)  
(formerly known as China Ding Yi Feng Holdings Limited)  
(Stock code: 00612)

### ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The Board (the “Board”) of Directors (the “Directors”) of China Investment Fund Company Limited (the “Company”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021, together with the comparative figures for the year ended 31 December 2020 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	3	480	950
Other income, gains and (losses)	5	1,152	3,290
Net realised (loss) gain on disposals of financial assets at fair value through profit or loss		(21,859)	23,937
Net unrealised gain on financial assets at fair value through profit or loss		169,202	447,481
		<b>148,975</b>	475,658
Net gain on disposals of subsidiaries	15	67,922	4
Administrative expenses		(105,637)	(95,883)
Finance costs	6	(19,242)	(26,395)
Profit before taxation	7	92,018	353,384
Taxation	8	73,112	(69,991)
Profit for the year attributable to owners of the Company		<b>165,130</b>	283,393
Earnings per share	10		
– Basic (HK cents per share)		12.36	21.88
– Diluted (HK cents per share)		12.27	21.36

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company	<u>165,130</u>	<u>283,393</u>
<b>Other comprehensive income (expense):</b>		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on equity instruments at fair value through other comprehensive income	–	(875)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>21,196</u>	<u>47,719</u>
Other comprehensive income for the year, net of tax	<u>21,196</u>	<u>46,844</u>
Total comprehensive income attributable to owners of the Company	<u><u>186,326</u></u>	<u><u>330,237</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	2021 HK\$'000	2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		519,703	517,247
Intangible assets		11,155	13,301
Right-of-use assets		10,408	21,818
Financial assets at fair value through profit or loss	12	674,085	–
Deferred tax assets		6,359	–
Deposits and prepayments	11	6,937	4,415
		<u>1,228,647</u>	<u>556,781</u>
<b>Current assets</b>			
Prepayments, deposits and other receivables	11	19,717	7,143
Financial assets at fair value through profit or loss	12	99,094	682,142
Bank balances and cash		111,881	182,272
		<u>230,692</u>	<u>871,557</u>
<b>Current liabilities</b>			
Accruals and other payables		8,390	10,095
Borrowings	13	118,316	82,605
Lease liabilities		8,169	10,952
		<u>134,875</u>	<u>103,652</u>
<b>Net current assets</b>		<u>95,817</u>	<u>767,905</u>
<b>Total assets less current liabilities</b>		<u>1,324,464</u>	<u>1,324,686</u>

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Borrowings	<i>13</i>	<b>49,775</b>	137,751
Lease liabilities		<b>2,427</b>	10,972
Deferred tax liabilities		–	66,753
		<u><b>52,202</b></u>	<u>215,476</u>
<b>Net assets</b>		<u><b>1,272,262</b></u>	<u>1,109,210</u>
<b>Capital and reserve</b>			
Share capital	<i>14</i>	<b>67,500</b>	66,394
Reserves		<b>1,204,762</b>	1,042,816
		<u><b>1,272,262</b></u>	<u>1,109,210</u>
<b>Total equity</b>		<u><b>1,272,262</b></u>	<u>1,109,210</u>
<b>Net asset value per share</b>	<i>10</i>	<u><b>HK\$0.94</b></u>	<u>HK\$0.84</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2021*

### 1. BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

#### **Amendments to HKFRSs that are mandatorily effective for the current year**

In the current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for annual periods beginning on 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

## New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>3</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 <sup>2</sup>
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments <sup>2</sup>
Accounting Guideline 5 (revised)	Merger Accounting for Common Control Combinations <sup>2</sup>
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>3</sup>
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9 <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>4</sup> Effective date to be determined.

The directors of the Company anticipate that the application of all above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

### 3. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest income from banks and financial institutions	480	341
Interest income from convertible bond	–	373
Dividend income from listed investments	–	236
	<u>480</u>	<u>950</u>

#### 4. SEGMENT INFORMATION

For the years ended 31 December 2021 and 2020, the Group's revenue was mainly interest income from banks and financial institutions, and interest and dividend income from financial assets. The directors of the Company consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating profits. The Group's segment revenue, assets and liabilities for the year, analysed by geographical markets, are as follows:

	Hong Kong		PRC and others jurisdictions		Consolidated	
	2021	2020	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue:						
Interest income from banks and financial institutions	376	265	104	76	480	341
Interest income from convertible bond	-	373	-	-	-	373
Dividend income from listed investments	-	236	-	-	-	236
	<u>376</u>	<u>874</u>	<u>104</u>	<u>76</u>	<u>480</u>	<u>950</u>
Non-current assets*	695,912	36,822	519,439	515,544	1,215,351	552,366
Total assets	<u>787,773</u>	<u>803,208</u>	<u>671,566</u>	<u>625,130</u>	<u>1,459,339</u>	<u>1,428,338</u>
Total liabilities	<u>187,048</u>	<u>318,374</u>	<u>29</u>	<u>754</u>	<u>187,077</u>	<u>319,128</u>
Other segment information:						
Additions to property, plant and equipment	215	209	-	478,492	215	478,701
Additions to right-of-use assets	-	24,100	-	-	-	24,100

\* The non-current assets information above is based on the locations of the assets and excluded deferred tax assets and deposits and prepayments.

Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

#### 5. OTHER INCOME, GAINS AND (LOSSES)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Government subsidies	-	1,388
Net foreign exchange gains	876	1,720
Effective interest income from a rental deposit	248	157
Gain on early termination of a lease	48	-
Others	(20)	25
	<u>1,152</u>	<u>3,290</u>

## 6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on:		
Interest-bearing loan notes	2,121	2,174
Interest-bearing bonds	15,924	21,357
Interest-bearing loans	55	1,431
Lease liabilities	1,142	1,433
	<u>19,242</u>	<u>26,395</u>

## 7. PROFIT BEFORE TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The Group's profit before taxation has been arrived at after charging (crediting) the following items:		
Directors' emoluments:		
Fees	3,420	3,500
Other emoluments	3,772	3,460
Discretionary bonuses	570	604
Retirement benefits scheme contributions	69	56
Staff costs:		
Basic salaries and allowances	15,181	13,118
Retirement benefits scheme contributions	452	410
Total staff costs (including directors' emoluments)	<u>23,464</u>	<u>21,148</u>
Auditor's remuneration	750	750
Depreciation of property, plant and equipment	14,085	9,793
Depreciation of right-of-use assets	10,896	9,074
Expenses related to short-term leases	114	2,968
Loss on property, plant and equipment written off	837	51
Impairment loss on intangible assets	2,146	–
Gain on early termination of a lease	(48)	–
Net foreign exchange gains	(876)	(1,720)
Government subsidies	–	(1,388)

## 8. TAXATION

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Deferred taxation (Credit) charge for the year	<u>(73,112)</u>	<u>69,991</u>

Under the Hong Kong Profits Tax two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for the year (2020: Nil).

Under the law of the People's Republic of China ("PRC") on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the applicable PRC EIT rate of the Group's PRC subsidiaries is 25% for both years.

## 9. DIVIDEND

No dividend was proposed during the year, nor has any dividend been proposed since the end of the reporting period (2020: Nil).

## 10. NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE

### Net asset value per share

The net asset value per share is calculated by dividing the net assets included in the consolidated statement of financial position of approximately HK\$1,272,262,000 (2020: approximately HK\$1,109,210,000) by the number of ordinary shares in issue as at 31 December 2021, being approximately 1,350,005,000 (2020: 1,327,874,000) shares.

### Earnings per share

The calculations of basic and diluted earnings per share are based on:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Earnings</b> Profit attributable to owners of the Company	<u>165,130</u>	<u>283,393</u>

	2021 <i>'000</i>	2020 <i>'000</i>
<b>Shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	1,336,003	1,295,079
Effect of dilutive potential ordinary shares – share options	9,565	31,696
	<u>1,345,568</u>	<u>1,326,775</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share calculation	<u>1,345,568</u>	<u>1,326,775</u>

#### 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Rental and utility deposits	5,268	6,136
Due from brokers ( <i>note</i> )	16,325	3,156
Prepayment for leasehold improvement	2,337	–
Other prepayments	902	1,399
Other deposits and receivables	1,822	867
	<u>26,654</u>	<u>11,558</u>
Analysed for reporting purposes as:		
Current assets	19,717	7,143
Non-current assets	6,937	4,415
	<u>26,654</u>	<u>11,558</u>

*Note:* The balances represent the cash account balances with securities brokers that are used for trading of securities. The management of the Company monitors the credit risk of these brokers on a regular basis.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivable for which there was no recent history of default.

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Equity securities listed in Hong Kong ( <i>note</i> )	674,085	611,024
Equity securities listed in the PRC ( <i>note</i> )	99,094	71,118
	<u>773,179</u>	<u>682,142</u>
Analysed for reporting purposes as:		
Current assets	99,094	682,142
Non-current assets	674,085	–
	<u>773,179</u>	<u>682,142</u>

*Note:* Particulars of investments of listed equity securities held by the Group as at 31 December 2021 and 2020 disclosed pursuant to Chapter 21 of Listing Rules are as follows:

Name of investee companies	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost HK\$'000	Market value HK\$'000	Accumulated unrealised gain (loss) recognised HK\$'000	Dividend received/receivable during the year HK\$'000	% of gross assets of the Group	% of net assets of the Group
At 31 December 2021									
<i>Listed equity securities in Hong Kong</i>									
Hua Yin International Holdings Limited (formerly known as Ground International Development Limited)	Bermuda	1,042,000,000	15.40%	79,192	656,460	577,268	-	44.98%	51.60%
New Concepts Holdings Limited	Cayman Islands	27,116,000	2.85%	7,999	17,625	9,626	-	1.21%	1.39%
				<u>87,191</u>	<u>674,085</u>	<u>586,894</u>			
<i>Listed equity securities in the PRC</i>									
Irco Display Devices Co., Ltd.	PRC	100,000	Less than 0.01%	1,007	837	(170)	-	0.06%	0.07%
Tianma Bearing Group Co., Ltd.	PRC	28,000,000	2.32%	77,250	98,257	21,007	-	6.73%	7.72%
				<u>78,257</u>	<u>99,094</u>	<u>20,837</u>			
				<u><u>165,448</u></u>	<u><u>773,179</u></u>	<u><u>607,731</u></u>			
At 31 December 2020									
<i>Listed equity securities in Hong Kong</i>									
Geely Automobile Holdings Limited	Cayman Islands	400,000	Less than 0.01%	9,793	10,600	807	-	0.74%	0.96%
Hong Kong Exchanges and Clearing Limited	Hong Kong	24,800	Less than 0.01%	9,973	10,540	567	-	0.74%	0.95%
Smartac International Holdings Limited (formerly known as Smartac Group China Holdings Limited)	Cayman Islands	266,000,000	4.72%	52,188	11,438	(40,750)	-	0.80%	1.03%
Hua Yin International Holdings Limited (formerly known as Ground International Development Limited)	Bermuda	1,050,000,000	17.29%	79,800	525,000	445,200	-	36.76%	47.33%
Sunny Optical Technology (Group) Company Limited	Cayman Islands	64,500	Less than 0.01%	9,929	10,946	1,017	57	0.77%	0.99%
Farnova Group Holdings Limited	Bermuda	340,002,053	4.76%	17,000	42,500	25,500	-	2.98%	3.83%
				<u>178,683</u>	<u>611,024</u>	<u>432,341</u>			
<i>Listed equity securities in the PRC</i>									
Tianma Bearing Group Co., Ltd.	PRC	28,000,022	2.33%	74,725	71,118	(3,607)	-	4.98%	6.41%
				<u>253,408</u>	<u>682,142</u>	<u>428,734</u>			

### 13. BORROWINGS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest-bearing loan notes, unsecured	32,442	42,372
Interest-bearing bonds, unsecured	135,649	161,484
Interest-bearing loans, unsecured	–	16,500
	<u>168,091</u>	<u>220,356</u>
Analysed for reporting purposes as:		
Current liabilities	118,316	82,605
Non-current liabilities	49,775	137,751
	<u>168,091</u>	<u>220,356</u>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
The carrying amounts of the above borrowings are repayable:		
Within one year	118,316	82,605
More than one year but not exceeding two years	39,721	85,347
More than two years but not exceeding five years	10,054	52,277
More than five years	–	127
	<u>168,091</u>	<u>220,356</u>

### 14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each <i>'000</i>	Nominal value <i>HK\$'000</i>
Authorised:		
At 1 January 2020, 31 December 2020 and 31 December 2021	<u>4,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 January 2020	1,236,722	61,836
Issue of shares by placing <i>(Note a)</i>	90,368	4,519
Exercise of share options <i>(Note b)</i>	784	39
	<u>1,327,874</u>	<u>66,394</u>
At 31 December 2020 and 1 January 2021	1,327,874	66,394
Exercise of share options <i>(Note c)</i>	22,131	1,106
	<u>1,350,005</u>	<u>67,500</u>
At 31 December 2021	<u>1,350,005</u>	<u>67,500</u>

*Notes:*

- (a) On 17 March 2020, 66,368,000 ordinary shares were issued by the Company pursuant to a placing agreement dated 9 March 2020 (amended on 10 March 2020) at a placing price of HK\$2.75 per share, giving gross proceeds of HK\$182,512,000.

On 6 October 2020, 24,000,000 ordinary shares were issued by the Company pursuant to a placing agreement dated 25 September 2020 at a placing price of HK\$2.31 per share, giving gross proceeds of HK\$55,440,000.

- (b) During the year ended 31 December 2020, 784,000 share options were exercised at the subscription price of HK\$0.808 per share, and a total of 784,000 ordinary shares were issued, giving gross proceeds in a total of approximately HK\$633,000.
- (c) During the year ended 31 December 2021, 864,597 share options and 21,266,000 share options were exercised at the subscription price of HK\$0.729 per share and HK\$0.808 per share respectively, and a total of 22,130,597 ordinary shares were issued, giving gross proceeds in a total of approximately HK\$17,813,000.

## 15. NET GAIN ON DISPOSALS OF SUBSIDIARIES

During the year ended 31 December 2021, the Group disposed of its entire equity interests in a subsidiary to an independent third party for a consideration of approximately HK\$26,839,000, resulting in a gain on disposal of approximately HK\$67,922,000.

The net assets of the subsidiary at the date of disposal were as follows:

	<i><b>HK\$'000</b></i>
Bank balances and cash	4
Net assets being disposal of	4
Release of capital reserve	(38,839)
Release of exchange reserve	(2,248)
	<u>(41,083)</u>
Total consideration	(26,839)
	<u>(67,922)</u>

An analysis of net inflows of cash and cash equivalents in respect of the disposal of subsidiary is as follows:

	<i>HK\$'000</i>
Net cash inflow arising on disposal:	
Cash consideration received	26,839
Cash and cash equivalents disposed of	<u>(4)</u>
	<u><u>26,835</u></u>

During the year ended 31 December 2020, the Group disposed of its entire equity interests in 11 subsidiaries to an independent third party for an aggregate consideration of approximately HK\$6,000, resulting in a gain on disposal of HK\$4,000.

The aggregate net assets of the subsidiaries at the date of disposal were as follows:

	<i>HK\$'000</i>
Other receivables	<u>2</u>
Net assets disposal of	2
Total consideration	<u>(6)</u>
Net gain on disposal	<u><u>(4)</u></u>

An analysis of net inflows of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	<i>HK\$'000</i>
Net cash inflow arising on disposal:	
Cash consideration received	6
Cash and cash equivalents disposed of	<u>–</u>
	<u><u>6</u></u>

## 16. CAPITAL COMMITMENTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u><u>17,724</u></u>	<u><u>–</u></u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in investment in listed and unlisted securities.

The widespread of the deadly Delta variant of the COVID-19 has a severe impact on the global economy, such as supply chain disruption, labour shortage and travel restrictions. The two-year long pandemic has caused over 400 million cases of infection and nearly 6 million deaths globally. According to IMF, the world economy is estimated to grow 5.9 percent in 2021, 0.1 percentage point lower than previous forecast. Given such difficult investment environment, the Directors have taken prudent strategies to manage our portfolio.

### **FINANCIAL REVIEW**

For the year ended 31 December 2021, the Group recorded a net profit of approximately HK\$165,130,000 (2020: HK\$283,393,000). The net profit for the year was decreased by approximately HK\$118,263,000 or 41.7% as compared to a net profit for the last year, and this was primarily due to (i) a decrease of net unrealised gain on financial assets at fair value through profit or loss (“FVTPL”) by approximately HK\$278,279,000 from approximately HK\$447,481,000 to approximately HK\$169,202,000 as compared to the last year; (ii) the net realised loss on disposals of financial assets at FVTPL of approximately HK\$21,859,000 (2020: net realised gain on disposals of financial assets at FVTPL of approximately HK\$23,937,000); (iii) a net gain on disposals of subsidiaries of approximately HK\$67,922,000 (2020: HK\$4,000) and (iv) the deferred taxation credit of approximately HK\$73,112,000 (2020: deferred taxation charge of approximately HK\$69,991,000).

### **SECURITIES INVESTMENTS**

The Board exercised caution while actively managing its investment portfolio in accordance with the Company’s investment objective and policy for the best interests of our shareholders.

#### **Investment in listed securities**

As at 31 December 2021, the Group held total listed securities classified under financial assets at FVTPL of approximately HK\$773,179,000 (2020: HK\$682,142,000).

### **INVESTMENT PORTFOLIO**

We divide our strategy into three categories, namely long-term holding investment, mid-term private equity and venture capital and short-term trading of securities and other financial instruments. Our investments during the year 2021 were diverse and covered the following sectors: property development and management, construction works and environmental protection and investment in innovation and technology.

## Significant Investments

As at 31 December 2021, the Group's securities investments in an entity with a value which exceeds 5% of the Group's total assets included securities investments in Hua Yin International Holdings Limited and Tianma Bearing Group Co., Ltd.

Particulars of investments in listed equity securities held by the Group as at 31 December 2021 and 2020 disclosed pursuant to Chapter 21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") are as follows:

Name of investee companies	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost HK\$'000	Market value HK\$'000	Accumulated unrealised gain (loss) recognised HK\$'000	Dividend received/receivable during the year HK\$'000	% of gross assets of the Group	% of net assets of the Group
At 31 December 2021									
<i>Listed equity securities in Hong Kong</i>									
Hua Yin International Holdings Limited (formerly known as Ground International Development Limited)	Bermuda	1,042,000,000	15.40%	79,192	656,460	577,268	-	44.98%	51.60%
New Concepts Holdings Limited	Cayman Islands	27,116,000	2.85%	7,999	17,625	9,626	-	1.21%	1.39%
				<u>87,191</u>	<u>674,085</u>	<u>586,894</u>			
<i>Listed equity securities in the PRC</i>									
Irco Display Devices Co., Ltd.	PRC	100,000	Less than 0.01%	1,007	837	(170)	-	0.06%	0.07%
Tianma Bearing Group Co., Ltd.	PRC	28,000,000	2.32%	77,250	98,257	21,007	-	6.73%	7.72%
				<u>78,257</u>	<u>99,094</u>	<u>20,837</u>			
				<u>165,448</u>	<u>773,179</u>	<u>607,731</u>			
At 31 December 2020									
<i>Listed equity securities in Hong Kong</i>									
Geely Automobile Holdings Limited	Cayman Islands	400,000	Less than 0.01%	9,793	10,600	807	-	0.74%	0.96%
Hong Kong Exchanges and Clearing Limited	Hong Kong	24,800	Less than 0.01%	9,973	10,540	567	-	0.74%	0.95%
Smartac International Holdings Limited (formerly known as Smartac Group China Holdings Limited)	Cayman Islands	266,000,000	4.72%	52,188	11,438	(40,750)	-	0.80%	1.03%
Hua Yiu International Holdings Limited (formerly known as Ground International Development Limited)	Bermuda	1,050,000,000	17.29%	79,800	525,000	445,200	-	36.76%	47.33%
Sunny Optical Technology (Group) Company Limited	Cayman Islands	64,500	Less than 0.01%	9,929	10,946	1,017	57	0.77%	0.99%
Farnova Group Holdings Limited	Bermuda	340,002,053	4.76%	17,000	42,500	25,500	-	2.98%	3.83%
				<u>178,683</u>	<u>611,024</u>	<u>432,341</u>			
<i>Listed equity securities in the PRC</i>									
Tianma Bearing Group Co., Ltd.	PRC	28,000,022	2.33%	74,725	71,118	(3,607)	-	4.98%	6.41%
				<u>253,408</u>	<u>682,142</u>	<u>428,734</u>			

## **Going forward**

Given the fluctuation in the worldwide financial markets, the Board will continue to identify any investment opportunities and manage the investment portfolio in accordance with the Company's investment objective and policy with a view of gaining good investment yields for our shareholders. The Board will monitor market development closely with a view of identifying attractive and long-term investment opportunities.

## **SUMMARY OF MATERIAL LEGAL PROCEEDINGS INVOLVING THE COMPANY**

### **(1) High Court Action HCA 796 of 2016**

A Writ of Summons with an Indorsement of Claim was issued on 29 March 2016 in the High Court of Hong Kong in HCA 796 of 2016 by Yang Yan as plaintiff against the Company and its former subsidiary, Grand Dragon Investment Development Limited ("Grand Dragon") as defendants whereby the plaintiff is claiming against the defendants for the forfeiture of a deposit for HK\$10,000,000 paid by the Company on behalf of Grand Dragon to the plaintiff pursuant to the written equity transfer agreement between Grand Dragon and the plaintiff in relation to the failure to commence due diligence of the target company which the plaintiff claims is a repudiatory breach of the said agreement. The defendants have counterclaimed against the plaintiff (which action has been consolidated with High Court Action 796 of 2016) for, inter alia, an order for the return of the deposit of HK\$10,000,000 to the defendants.

The parties have exchanged witness statements and a case management summons is fixed to be heard on 3 May 2022 at 9:30 a.m. at the High Court. While the parties continue to prepare the matter for trial, no hearing date has yet been fixed for the trial.

### **(2) High Court Action Miscellaneous Proceedings HCMP 1102 of 2019 and HCMP 719 of 2019**

These two actions relate to the issuance of ten bond notes issued by the Company to an individual, namely, Huang Qingzhan ("Huang") for the aggregate principal value of HK\$10 million due for repayment on 30 April 2023 ("Bond Notes"). Interest is payable on the Bond Notes on a bi-annual basis commencing 31 March 2016. The issue to be determined in HCMP 719 of 2019 related to whether the suspension of the Company's shares on 8 March 2019 entitled Huang to early redemption of the Bond Notes. The Company maintained that such suspension was not a breach of the terms of the Bond Notes. The issue to be determined in HCMP 1102 of 2019 related to whether the interest payment paid by the Company on the due date of 31 March 2016 to an account provided by Huang was made in accordance with the terms and conditions of the Bond Notes. The Company maintains the interest payment was duly paid on time.

On 19 March 2020, the Court delivered judgment in favour of the Company in HCMP 719 of 2019 and in favour of Huang in HCMP 1102 of 2019 with each party bearing its own costs.

The Company lodged an appeal on 7 May 2020 against the decision of the Court made on 19 March 2020 in relation to HCMP 1102 of 2019 under Civil Appeal No. 103 of 2020. No hearing date has been fixed by the Court of Appeal for the hearing of the appeal.

## **DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group had bank balances and cash of approximately HK\$111,881,000 as at 31 December 2021 (2020: approximately HK\$182,272,000), representing approximately 7.7% (2020: approximately 12.8%) of the Group's total assets. As at 31 December 2021, the Group had long-term debts which are unsecured interest-bearing loan notes and unsecured interest-bearing bonds in an aggregate amount of approximately HK\$49,775,000 (2020: approximately HK\$137,751,000).

Apart from the long-term debts, the Group had short-term debts of unsecured interest-bearing bonds of approximately HK\$118,316,000 (2020: approximately HK\$82,605,000 including unsecured interest-bearing bonds and unsecured interest-bearing loans).

The Group's gearing ratio, being the total debts (total borrowings) divided by equity attributable to owners of the Company, was approximately 13.2% as at 31 December 2021 (2020: approximately 19.9%).

## **CAPITAL COMMITMENTS**

As at 31 December 2021, the Group had capital commitments in respect of property, plant and equipment which is contracted for but not provided for of approximately HK\$17,724,000 (2020: Nil).

## **PLEDGE OF ASSETS AND CONTINGENT LIABILITIES**

As at 31 December 2021, there were no charges on the Group's assets and the Group did not have any material contingent liabilities (2020: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

Most of the business transactions of the Group are denominated in Hong Kong dollars (“HK\$”) and Renminbi (“RMB”). The management of the Group will closely monitor fluctuations in these currencies and take appropriate actions when needed. As at 31 December 2021, the Group did not engage in currency hedging nor did it adopt any formal hedging activities. For the year ended 31 December 2021, the Group had major financial assets of approximately HK\$174,390,000 (2020: approximately HK\$134,536,000) which was denominated in RMB. The Group currently does not have any foreign currency hedging policy. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

Except for disclosed in note 15 to this announcement, there was no other material acquisition or disposal of subsidiaries by the Group during the year.

## **CAPITAL STRUCTURE**

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). During the year, the movements in the Company’s share capital are as follow:

Following a placing in October 2020, the Company obtained gross proceeds of HK\$55,440,000. Up to 31 December 2020, the Company used HK\$39.6 million (or 71% of the gross proceeds) to invest in listed securities and HK\$10.9 million (or 20% of the gross proceeds) for the general working capital purposes. During the six months ended 30 June 2021, the Company fully utilized the balance of the gross proceeds in the amount of HK\$4.9 million for general working capital purposes.

During the year ended 31 December 2021, 864,597 share options and 21,266,000 share options were exercised at the subscription price of HK\$0.729 per share and HK\$0.808 per share respectively, and a total of 22,130,597 ordinary shares were issued, giving gross proceeds of approximately HK\$17,813,000.

## **PROSPECTS**

Within weeks of the emergence of the Omicron variant in last November, the highly contagious strain of COVID-19 has been growing exponentially, due to its increased transmissibility and immune evasion, and is now the dominant strain around the world. After several trillion dollars of stimulus package, the inflation rate in the US is currently running at 7.5 percent, highest in 40 years. Therefore the Federal Reserve is expected to make several consecutive interest rate hikes this year. The outbreak of Russia-Ukraine conflict could further exacerbate inflationary pressures by sending crude oil and other commodity prices to new highs as well as sending global economy into chaos. Under such extremely uncertain environment, the Directors will take prudent strategies to manage our investment portfolio.

## **COMPLIANCE WITH THE APPLICABLE LAWS AND REGULATIONS**

During the year ended 31 December 2021, the Group has in all material respects complied with the applicable requirements under the Companies Law (Revised) under the laws of the Cayman Islands, the Rules Governing the Listing of Securities on the Stock Exchange, the Companies Ordinance and the Securities and Futures Ordinance under the laws of Hong Kong.

## **EMPLOYEES**

As at 31 December 2021, the Company had 32 employees including executive Directors (2020: 35). The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees. During the year, the Group has generally maintained good relationship with its employees.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

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

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Upon enquiry by the Company of those who served as Director during the year ended 31 December 2021, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2021.

## **CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2021, the Company complied with all the applicable provisions of the Corporate Governance Code (the "Code Provision") as set out in Appendix 14 to the Listing Rules, except for the deviation set out as below.

Code Provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting of the Company held on 13 May 2021. The Chairman of the Board will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent her from doing so.

## **AUDIT COMMITTEE**

The Audit Committee currently comprises independent non-executive Directors only, namely, Ms. Jing Siyuan (chairman), Mr. Zhang Aimin and Mr. Zhang Qiang. The composition and members of the Audit Committee comply with the requirement under Rule 3.21 of the Listing Rules.

The Audit Committee is mainly responsible for overseeing the Company's financial reporting system and internal control procedures; making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of the resignation or dismissal of such auditors; and reviewing the interim and annual reports and accounts of the Company.

The Audit Committee meets regularly to review the financial reporting process and internal controls of the Group. The Audit Committee has reviewed the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters with the management of the Company including a review on the consolidated financial statements of the Group for the year ended 31 December 2021.

The Group's 2021 audited financial statements have been duly reviewed by the Audit Committee with the auditor and in relation to which the members of the Audit Committee unanimously recommended for approval by the Board. The Audit Committee has concluded that it is satisfied with the professional performance of Confucius International CPA Limited ("CICPA") as the auditor of the Company and therefore recommends to the Board that CICPA be reappointed as the auditor of the Company, which will be put forward for Shareholders' approval at the forthcoming annual general meeting.

With the consent of the Audit Committee, the Board hereby confirms that, in the preparation of the 2021 consolidated financial statements of the Group, the Directors, both collectively and individually applied such degree of skill, care and diligence as may reasonably be expected of them under the Rule 3.08 of the Listing Rules.

## **REMUNERATION COMMITTEE**

The Remuneration Committee currently comprises one executive Director, Mr. Zhang Xi and two independent non-executive Directors, namely, Mr. Zhang Aimin (chairman) and Ms. Jing Siyuan.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for remuneration of all the Directors and senior management of the Company and making recommendations to the Board on the remuneration packages of individual executive Director and senior management.

## **NOMINATION COMMITTEE**

The Nomination Committee currently comprises one executive Director, Mr. Luk Hong Man, Hammond and two independent non-executive Directors, namely, Ms. Jing Siyuan (chairman) and Mr. Zhang Aimin.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of the independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee formulated the Board diversity policy and the Company has adopted the Board diversity policy in August 2013. The Company recognises and embraces the benefits of diversity in Board members. Selection of Board members will be based on a range of diversified perspectives, including but not limited to gender, age, ethnicity, cultural and educational background, or professional experience. All Board appointments will be based on merit and the needs of the Company's business while taking into account diversity. The Nomination Committee also monitors the implementation of this policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under this policy.

## **PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This final results announcement is published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.cifund.com.hk](http://www.cifund.com.hk). The Company's annual report for the year ended 31 December 2021 will in due course be published on the same websites and despatched to the Company's shareholders.

## **SCOPE OF WORK OF THE INDEPENDENT AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in this announcement have been agreed by the Group's auditors, CICPA to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CICPA in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by CICPA on this annual results announcement.

By Order of the Board  
**China Investment Fund Company Limited**  
**Luk Hong Man, Hammond**  
*Executive Director*

Hong Kong, 30 March 2022

*As at the date of this announcement, the executive Directors are Mr. Luk Hong Man, Hammond and Mr. Zhang Xi; the non-executive Directors are Ms. Ma Xiaoqiu, Mr. Wang Mengtao and Mr. Leung Ka Fai; and the independent non-executive Directors are Ms. Jing Siyuan, Mr. Zhang Aimin and Mr. Zhang Qiang.*