China International Development Corporation Limited
中聯發展控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 264)

FURTHER ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Reference is made to the announcement of China International Development Corporation Limited (the "**Company**") dated 31 March 2022 announcing the unaudited annual results of the Company and its subsidiaries (together referred to as the "**Group**") for the year ended 31 December 2021 (the "**Unaudited Annual Results Announcement**"). Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

AUDITOR'S AGREEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

As disclosed in the Unaudited Annual Results Announcement, as at 31 March 2022, the unaudited annual results of the Group for the year ended 31 December 2021 (the "**Unaudited Annual Results**") contained therein had not been agreed with the Group's auditor, Ascenda Cachet CPA Limited ("**Ascenda**"), in accordance with the requirement under Rule 13.49(2) of the Listing Rules due to the escalation of the COVID-19 pandemic.

The board of directors (the "**Board**") of the Company is pleased to announce that Ascenda has completed its audit of the annual results of the Group for the year ended 31 December 2021 (the "**Audited Annual Results**") and the Audited Annual Results have been agreed by Ascenda in accordance with the requirements under Rule 13.49(2) of the Listing Rules as set out below. Save as the amendments made to the disclosures in notes 2.1, 2.2, 2.3, 5(a), 15, 16 and 18 to this announcement, the figures in respect of the Audited Annual Results remain the same as the Unaudited Annual Results as set out in the Unaudited Annual Results Announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	**2021** **HK$'000**	2020 *HK$'000*
Revenue	*4*	**49,192**	39,771
Cost of sales		**(39,372)**	(27,837)
Gross profit		**9,820**	11,934
Other income		**1,338**	2,772
Other gains/(losses)	*5(b)*	**722**	(6,047)
Selling and distribution costs		**(7,575)**	(4,358)
Administrative and other operating expenses		**(23,302)**	(25,155)
Impairment of trade receivables		**(25)**	(176)
Impairment of other receivables		**(43)**	(192)
Finance costs		**(1,922)**	(536)
Loss before tax	*5(a)*	**(20,987)**	(21,758)
Income tax expense	*6*	**—**	—
Loss for the year attributable to owners of the Company		**(20,987)**	(21,758)
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of operations outside Hong Kong		**331**	977
Other comprehensive income for the year		**331**	977
Total comprehensive income for the year attributable to owners of the Company		**(20,656)**	(20,781)
Loss per share attributable to owners of the Company			
— Basic and diluted	*8*	**HK(5.5) cents**	HK(5.7) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
Non-current assets			
Property, plant and equipment	9	**5,449**	233
Right-of-use assets	16	**9,791**	1,853
Deposits paid		**913**	1,677
Total non-current assets		**16,153**	3,763
Current assets			
Inventories		**10,566**	11,265
Trade receivables	10	**7,090**	9,833
Prepayments, deposits and other receivables		**5,617**	3,540
Due from a related company		**—**	543
Tax recoverable		**291**	438
Pledged time deposit		**—**	430
Cash and cash equivalents		**1,469**	2,280
Total current assets		**25,033**	28,329
Current liabilities			
Trade payables	11	**4,763**	2,746
Other payables and accruals	12	**24,847**	21,322
Due to a director	13	**501**	—
Due to ultimate controlling shareholder	13	**8,791**	263
Due to a related company	13	**1,848**	—
Loan from a director	14	**8,000**	8,000
Loans from ultimate controlling shareholder	15	**5,207**	—
Lease liabilities	16	**4,335**	5,523
Total current liabilities		**58,292**	37,854
Net current liabilities		**(33,259)**	(9,525)

	Notes	**2021**	2020
		HK$'000	*HK$'000*
Total assets less current liabilities		**(17,106)**	(5,762)
Non-current liabilities			
Loans from ultimate controlling shareholder	*15*	**4,761**	3,262
Lease liabilities	*16*	**8,668**	1,863
Total non-current liabilities		**13,429**	5,125
Net liabilities		**(30,535)**	(10,887)
Deficiency in assets			
Share capital	*17*	**3,827**	3,827
Reserves		**(34,362)**	(14,714)
Total deficiency in assets		**(30,535)**	(10,887)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

China International Development Corporation Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") was incorporated in the Cayman Islands on 12 April 2002 as an exempted company with limited liability under the laws of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The registered office of the Company was located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Group is principally engaged in (i) manufacturing and distribution of leather products; and (ii) retail of fashion apparel, footwear and leather accessories. During the year ended 31 December 2020, the Group has obtained the relevant permit to plant industrial hemp in Mainland China (the "**PRC**") and extended its business into the industrial hemp planting and production of hemp fabric products.

The directors (the "**Directors**") of the Company considered that Waterfront Holding Group Co., Ltd. ("**Waterfront**"), a company incorporated in the British Virgin Islands (the "**BVI**") with limited liability, is the holding company of the Company and its ultimate controlling shareholder is Mr. Zhao Jingfei ("**Mr. Zhao**"), an executive Director and Chairman of the Company. The registered office of Waterfront is located at Sertus Chambers, PO Box 905, Quastisky Building, Road Town, Tortola, BVI.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities (the "**Listing Rules**") of the Stock Exchange. They have been prepared under the historical cost convention. These consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is also the functional currency of a majority number of operating subsidiaries in the Group and all values are rounded to the nearest thousand except when otherwise indicated.

The Group (i) incurred a substantial loss of approximately HK$20,987,000 for the year ended 31 December 2021 and had net current liabilities and deficiency in assets of approximately HK$33,259,000 and HK$30,535,000, respectively, as at 31 December 2021; and (ii) only had cash and cash equivalents of approximately HK$1,469,000 as at 31 December 2021 to meet its financial obligations as at that date. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Notwithstanding the aforesaid conditions, the consolidated financial statements for the year ended 31 December 2021 have been prepared on a going concern basis because the Directors have prepared a cash flow forecast of the Group and are satisfied that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due for at least 12 months from 31 December 2021 after taking into account of the following measures:

(i) the Company has obtained a letter of undertaking from Mr. Qin Bohan ("**Mr. Qin**"), an executive Director, pursuant to which Mr. Qin agreed not to demand for repayment of (a) the loan from him with a principal amount of HK$8,000,000; and (b) the amount due to him of approximately HK$501,000 as at 31 December 2021 until the Group is in a position to do so. The loan and the amount due to Mr. Qin are interest-free, unsecured and have no fixed terms of repayment;

(ii) in addition to the loan provided by Mr. Qin as stated above, the Company and Mr. Qin entered into another loan facility agreement on 28 August 2021, pursuant to which, Mr. Qin further granted an unsecured interest-free loan facility up to HK$30,000,000 to the Company for a term of two years expiring on 27 August 2023, none of which has been utilised as at 31 December 2021 and the date of approving these consolidated financial statements;

(iii) Mr. Zhao had provided certain loans to the Group with aggregate principal amounts of RMB7,010,000 and HK$2,226,000 (equivalent to approximately HK$10,810,000 in aggregate, the "**Shareholder Loans**") as at 31 December 2021, out of which, aggregate outstanding loan principal amounts of RMB2,510,000 and HK$2,226,000 (equivalent to approximately HK$5,299,000 in aggregate) are repayable on or before June 2022 (the "**2022 Due Loans**") while the remaining loans are due in 2023. On 12 January 2022 and 17 May 2022, the Group and Mr. Zhao entered into certain supplemental agreements, agreeing to extend the terms of the 2022 Due Loans for additional two years;

(iv) in addition to the Shareholder Loans, the Company and Mr. Zhao entered into another loan facility agreement on 27 May 2020, pursuant to which, Mr. Zhao further granted an unsecured interest-free loan facility up to HK$20,000,000 to the Company for a term of two years, none of which has been utilised as at 31 December 2021 and the date of approving the consolidated financial statements. On 17 May 2022, the Company and Mr. Zhao agreed to extend the expiry date of the loan facility to 27 May 2024; and

(v) the Company has also obtained a letter of financial support from Mr. Zhao, pursuant to which, Mr. Zhao agreed not to demand for repayment of (a) the Shareholder Loans; and (b) other amount due to him of approximately HK$8,791,000 as at 31 December 2021 until the Group is in a position to do so. Mr. Zhao has also confirmed his willingness to further provide adequate financial resources as is necessary to enable the Group both to meet its financial obligations as and when they fall due and to carry on its business for at least 24 months from 31 December 2021.

The consolidated financial statements do not include any adjustment that would result from a failure to obtain such financing to the Group under the loan facilities, undertakings and/or financial support from Mr. Zhao and Mr. Qin, which indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Should the Group be unable to continue in business as a going concern, adjustments would have been made to restate the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the consolidated financial statements.

Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The nature and the impact of the revised HKFRSs are described below:

Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of accumulated losses at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the covid-19-related rent concessions received by the Group during the year were related to the short-term leases which are not included within lease liabilities. The Group plans to apply the practical expedient when it becomes applicable within the allowed period of application.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("**RFR**"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. Since the Group had no interest-bearing bank and other borrowings as at 31 December 2021, the amendments did not have any impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective, in these consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
HKFRS 17	Insurance Contracts and the related Amendments[2,5]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2,4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to HKAS 8	Definition of Accounting Estimates[2]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a single transaction[2]
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use[1]
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a contract[1]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, HKAS 41 and Illustrative Examples accompanying HKFRS 16[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 No mandatory effective date yet determined but available for adoption
4 *As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause was revised in October 2020 to align the corresponding wording with no change in conclusion*
5 *As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023*

The Group is in the process of making an assessment of the impact of these standards, amendments and interpretations on the consolidated financial statements of the Group. The adoption of the above is not expected to have a material impact on the consolidated financial statements of the Group.

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK (IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK (IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted.

Amendments to HKAS 1 Disclosure of Accounting Policies require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information.

Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

3. OPERATING SEGMENT INFORMATION

The principal activities of the Group consisted of (i) manufacturing and distribution of leather products; and (ii) retail of fashion apparel, footwear and leather accessories. Upon obtaining the relevant permit in June 2020, the Group extended its business into the industrial hemp planting and production of hemp fabric products (the "**Industrial Hemp Planting Business**"). However, the Industrial Hemp Planting Business did not form a separate reportable segment during the years as it was still in a preliminary development stage and had not built its scale and was considered immaterial by the management of the Group.

The Group determines its operating segments based on the reports reviewed by the chief operating decision makers that are used to make strategic decisions.

The Group has two reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's segments:

Leather Manufacturing Business	—	Manufacturing and distribution of leather products
Leather Retail Business	—	Retail of fashion apparel, footwear and leather accessories

The Group's senior executive management, being the chief operating decision maker, monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that interest income as well as corporate expenses are excluded from such measurement.

Segment assets exclude tax recoverable and unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated corporate liabilities as these liabilities are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

(a) Reportable segments

	Leather Manufacturing Business		Leather Retail Business		Total	
	2021	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**46,016**	36,743	**3,176**	3,028	**49,192**	39,771
Inter-segment revenue	**482**	104	**—**	797	**482**	901
Reportable segment revenue	**46,498**	36,847	**3,176**	3,825	**49,674**	40,672
Reportable segment loss	**(9,468)**	(4,828)	**(5,787)**	(7,286)	**(15,255)**	(12,114)
Reportable segment assets	**35,325**	25,260	**4,839**	4,551	**40,164**	29,811
Reportable segment liabilities	**22,070**	9,000	**41,347**	36,264	**63,417**	45,264

(b) Reconciliation of reportable segment revenue, loss, assets and liabilities

	2021	2020
	HK$'000	*HK$'000*
Revenue		
Reportable segment revenue	**49,674**	40,672
Elimination of inter-segment revenue	**(482)**	(901)
Consolidated revenue	**49,192**	39,771
Loss before tax		
Reportable segment loss	**(15,255)**	(12,114)
Elimination of inter-segment losses	**—**	419
Interest income	**1**	48
Unallocated corporate expenses *(note (i))*	**(5,733)**	(10,111)
Consolidated loss before tax	**(20,987)**	(21,758)

	2021	2020
	HK$'000	*HK$'000*
Assets		
Reportable segment assets	**40,164**	29,811
Elimination of inter-segment assets	**(18)**	—
Tax recoverable	**291**	438
Unallocated corporate assets	**749**	1,843
Consolidated total assets	**41,186**	32,092
Liabilities		
Reportable segment liabilities	**63,417**	45,264
Elimination of inter-segment liabilities	**(36,793)**	(30,765)
Unallocated corporate liabilities	**45,097**	28,480
Consolidated total liabilities	**71,721**	42,979

Note:

(i) The amount represented unallocated corporate expenses that are not allocated to operating segments, including professional fees, directors' emoluments, employee costs, foreign exchange loss and other head office expenses as well as the expenses incurred in the Industrial Hemp Planting Business.

(c) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets, i.e. property, plant and equipment and right-of-use assets.

	Revenue from external customers *(note)*		**Non-current assets**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**7,287**	6,304	**338**	1,049
Europe	**7,130**	8,229	**—**	—
The PRC	**810**	14	**14,902**	1,037
United States of America	**29,888**	22,707	**—**	—
Other countries	**4,077**	2,517	**—**	—
Total	**49,192**	39,771	**15,240**	2,086

Note: Revenues are attributed to countries based on the customers' location (place of domicile).

(d) Information about major customers

Revenue from a customer that contributing over 10% of the total revenue of the Group is as follows:

	2021	2020
	HK$'000	*HK$'000*
Customer A*	**27,046**	20,578
Customer B*	**—#**	4,284
Customer C*	**7,516**	—#
	34,562	24,862

* Customer arising from the Leather Manufacturing Business segment.

\# The corresponding revenue from such customer did not contribute 10% or more of the Group's total revenue for the year.

The Group's customer base is highly concentrated. Revenue may significantly decline if the Group loses one or more of its major customers. The Group seeks to diversify the Group's product portfolio and widen the customer base to reduce the concentration risk.

4. REVENUE

The principal activities of the Group are manufacturing and distribution of leather products, and retail of fashion apparel, footwear and leather accessories. During the year ended 31 December 2020, the Group has extended its business into the Industrial Hemp Planting Business, which is still in a preliminary development stage and no revenue has been generated during the years.

An analysis of revenue is as follows:

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with external customers		
Sale of goods		
Manufacturing and distribution of leather products	**46,016**	36,743
Retail of fashion apparel, footwear and leather accessories	**3,176**	3,028
	49,192	39,771

5(a). LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	2021	2020
	HK$'000	*HK$'000*
Auditor's remuneration		
— Audit and other assurance related services	**1,330**	880
— Under-provision for prior year	**200**	—
Employee costs, excluding directors' emoluments		
— Salaries, allowance and other benefits	**18,613**	17,212
— Retirement scheme contributions	**1,441**	575
	20,054	17,787
Depreciation of property, plant and equipment	**928**	146
Depreciation of right-of-use assets	**4,168**	4,993
Foreign exchange losses, net	**684**	629
Interest income	**(1)**	(48)

5(b). OTHER GAINS/(LOSSES)

	2021	2020
	HK$'000	*HK$'000*
Impairment loss on property, plant and equipment	**—**	(1,545)
Impairment loss on right-of-use assets	**(606)**	(4,502)
Sales of scrap	**1,328**	—
	722	(6,047)

6. INCOME TAX EXPENSE

No Hong Kong profits tax or corporate income tax of the PRC has been provided as the Group did not generate any assessable profits arising in Hong Kong and the PRC or has available tax losses brought forward from prior years to offset the assessable profits generated during the years ended 31 December 2021 and 2020.

In December 2021, the tax audit initiated by the Hong Kong Inland Revenue Department were settled and the additional assessments raised for the years of assessments of 2011/2012 to 2014/2015 were withdrawn. The tax reserve certificates purchased have been fully refunded in December 2021.

7. DIVIDEND

The Directors do not recommend the payment of any dividend for the years ended 31 December 2021 and 2020.

8. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company of approximately HK$20,987,000 (2020: approximately HK$21,758,000) and the number of ordinary shares of 382,704,000 (2020: 382,704,000) in issue during the year.

No adjustment has been made to the basic loss per share amounts for the years ended 31 December 2021 and 2020 in respect of a dilution as the Company had no potential dilutive ordinary shares in issue during these years.

9. PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment amounted to approximately HK$6,065,000 for the year ended 31 December 2021 (2020: HK$1,609,000).

The Group performed an impairment assessment on the property, plant and equipment. No impairment loss was recognised in profit or loss for the year ended 31 December 2021 (2020: HK$1,545,000).

10. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**8,238**	10,956
Less: Impairment loss	**(1,148)**	(1,123)
Net carrying amounts	**7,090**	9,833

No credit term is granted to customers of the Leather Retail Business. Trade receivables are arising from customers of the Leather Manufacturing Business, whose are generally granted with credit terms of 30 to 90 days from the date of invoice.

The ageing analysis of trade receivables (net of impairment loss) as at the end of the reporting period, based on invoice date, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Less than 30 days	**1,906**	5,453
31 to 60 days	**3,989**	3,679
61 to 90 days	**1,195**	685
91 to 120 days	**—**	11
121 to 365 days	**—**	1
More than 365 days	**—**	4
	7,090	9,833

11. TRADE PAYABLES

An aging analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Less than 30 days	**1,023**	1,185
31 to 60 days	**924**	349
61 to 90 days	**959**	867
91 to 120 days	**1,265**	2
121 to 365 days	**238**	2
Over 365 days	**354**	341
	4,763	2,746

12. OTHER PAYABLES AND ACCRUALS

	2021	2020
	HK$'000	*HK$'000*
Other payables	**5,694**	3,575
Accrued expenses	**5,392**	3,986
Due to former fellow subsidiaries	**8,171**	8,171
Due to former intermediate holding company	**5,590**	5,590
	24,847	21,322

13. DUE TO A DIRECTOR, ULTIMATE CONTROLLING SHAREHOLDER AND A RELATED COMPANY

The amount due to the ultimate controlling shareholder, namely Mr. Zhao, amounting to HK$8,791,000 (2020: HK$263,000), is unsecured, interest-free and has no fixed terms of repayment. Mr. Zhao has confirmed that he will not demand for repayment of the amount due to him until the Group is in a position to do so.

The amount due to a director, namely Mr. Qin, amounting to HK$501,000 (2020: Nil), is unsecured, interest-free and has no fixed terms of repayment. Mr. Qin has confirmed that he will not demand for repayment of the amount due to him until the Group is in a position to do so.

The amount due to a related company, namely 北京盛茂坤科技產業發展有限公司, amounting to HK$1,848,000 (2020: Nil), is unsecured, interest-free and has no fixed terms of repayment.

14. LOAN FROM A DIRECTOR

On 28 October 2019, the Company entered into a loan agreement with Mr. Qin, pursuant to which, Mr. Qin granted a loan of HK$8,000,000 to the Company which is unsecured, interest-free and is repayable on demand. Mr. Qin has confirmed that he will not demand for repayment of the loan due to him until the Company is in a position to do so.

15. LOANS FROM ULTIMATE CONTROLLING SHAREHOLDER

	2021	2020
	HK$'000	*HK$'000*
Balance as at 1 January	**3,262**	—
New loan agreements entered:		
Principal amounts	**7,657**	3,374
Notional interest saving arising from the interest-free loans	**(1,008)**	(389)
	9,911	2,985
Imputed interest charged	**501**	93
Repayment	**(591)**	—
Exchange realignment	**147**	184
Balance as at 31 December	**9,968**	3,262
Less: Current portion	**(5,207)**	—
Non-current portion	**4,761**	3,262

In 2020, the Group entered into a loan agreement with the ultimate controlling shareholder, Mr. Zhao, pursuant to which, Mr. Zhao granted an unsecured interest-free loan of RMB3,000,000 (equivalent to approximately HK$3,374,000) to the Group, which is repayable on 30 June 2022. The interest-free loan was accounted for at amortised cost, using an effective interest rate of 6%.

In 2021, the Group further entered into certain loan agreements with Mr. Zhao, pursuant to which, Mr. Zhao granted certain interest-free loans with aggregate principal amounts of RMB4,500,000 (equivalent to approximately HK$5,431,000) (the "**Long Term Loans**") and HK$2,226,000 (the "**Short Term Loans**") to the Group. The Short Term Loans are repayable during January 2022 to June 2022. The Long Term Loans are repayable during March 2023 to June 2023 and were accounted for at amortised cost, using an effective interest rate of 10%.

On 12 January 2022 and 17 May 2022, the Group and Mr. Zhao entered into certain supplemental agreements, agreeing to extend the terms of certain interest-free loans with aggregate outstanding principal amounts of RMB2,510,000 and HK$2,226,000 (equivalent to approximately HK$5,299,000 in aggregate), which are repayable on or before June 2022, for additional two years.

16. LEASES

During the year ended 31 December 2021, the Group entered into certain new lease agreements for office premises, retails shops, manufacturing plant and parcel of farmland used in the Industrial Hemp Planting Business for terms ranging from 5 months to 5 years (2020: 1 year to 2 years). The Group applied the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date. Right-of-use assets and lease liabilities amounting to approximately HK$12,564,000 and HK$12,524,000, respectively, were initially recognised during the year ended 31 December 2021 (2020: HK$7,019,000 and HK$6,835,000, respectively).

The Directors considered that there were impairment indicators because of the substantial loss during the year ended 31 December 2021. Accordingly, an impairment loss of approximately HK$606,000 (2020: HK$4,502,000) was recognised in the condensed consolidated statement of profit or loss during the year ended 31 December 2021.

As at 31 December 2021, the Group has operating lease commitments of approximately HK$820,000 (2020: HK$205,000) related to short-term leases for retail shops.

17. SHARE CAPITAL

Authorised and issued share capital

	Number of shares	**Amount**
		HK$'000
Authorised:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 (ordinary shares of HK$0.01 each)	**2,000,000,000**	20,000
Issued and fully paid:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021 (ordinary shares of HK$0.01 each)	**382,704,000**	3,827

18. EVENT AFTER THE REPORTING PERIOD

Apart from certain supplemental agreements entered into between the Group and Mr. Zhao as disclosed in note 2.1 to this announcement, there was no material event occurring subsequent to the end of the reporting period.

SCOPE OF WORK OF ASCENDA

The figures in respect of the Group's consolidated statement of financial position, 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 the Annual Results Announcement have been agreed by the Group's auditor, Ascenda, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ascenda 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 Ascenda on the Annual Results Announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's annual audited consolidated financial statements for the year ended 31 December 2021 which has included a disclaimer of opinion:

"Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of China International Development Corporation Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2021, and 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an audit opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

As detailed in note 2.1 to the consolidated financial statements concerning the liquidity position of the Group and the adoption of the going concern basis in the preparation of the consolidated financial statements, (i) the Group incurred a substantial loss of approximately HK$20,987,000 for the year ended 31 December 2021 and had net current liabilities and deficiency in assets of approximately HK$33,259,000 and HK$30,535,000, respectively, as at 31 December 2021; and (ii) the Group only had cash and cash equivalents of approximately HK$1,469,000 as at 31 December 2021 to meet its financial obligations as at that date.

The consolidated financial statements have been prepared by the directors (the "**Directors**") of the Company on the basis that the Group will continue to operate as a going concern, the validity of which depends upon the measures being taken by the Directors and the ongoing availability of financing to the Group, including the loan facilities, undertakings and/or financial support from an executive Director and the ultimate controlling shareholder of the Company as set out in note 2.1 to the consolidated financial statements. However, since the validity and the appropriateness of the adoption of the going concern basis is dependent on whether the executive Director and the ultimate controlling shareholder of the Company will continue to have sufficient and adequate financial resources to provide the necessary financing to the Group under the loan facilities, undertakings and/or financial support, these conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. After our deliberated considerations on the consolidated financial position of the Group, despite appropriate disclosures have been made in these consolidated financial statements, we consider that this fundamental uncertainty is significant and pervasive and therefore, we have disclaimed our opinion in respect of the appropriateness of adopting the going concern basis for the preparation of the consolidated financial statements.

Should the Group be unable to continue in business as a going concern, adjustments would have been made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements."

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL PERFORMANCE

The Group has recorded revenue of approximately HK$49,192,000 for the year ended 31 December 2021 (2020: approximately HK$39,771,000), representing a significant increase of 23.7% or approximately HK$9,421,000 as compared with the year ended 31 December 2020. Revenue contributed from manufacturing and retail business segments (excluding inter-segment revenue) was approximately HK$46,016,000 and approximately HK$3,176,000 for the year ended 31 December 2021, respectively. Gross profit was approximately HK$9,820,000 for the year ended 31 December 2021 (2020: approximately HK$11,934,000). There was a decrease in gross profit margin from approximately 30.0% for the year ended 31 December 2020 to approximately 20.0% for the year ended 31 December 2021 as extra production costs incurred during the transition period of factory relocation.

Other income decreased by 51.7% from approximately HK$2,772,000 for the year ended 31 December 2020 to approximately HK$1,338,000 for the year ended 31 December 2021. The decrease was mainly attributable to the government subsidies of approximately HK$1,584,000 (2021: Nil) in response to the outbreak of coronavirus disease ("**COVID-19**") for the year ended 31 December 2020.

Other gains/losses changes from a loss of approximately HK$6,047,000 for the year ended 31 December 2020 to a gain of approximately HK$722,000 for the year ended 31 December 2021. The change was mainly due to the reduction in impairment loss on right-of-use assets and property, plant and equipment by approximately HK$5,441,000 and an income from sales of scrap of approximately HK$1,328,000 (2020: Nil) during the year ended 31 December 2021.

Selling and distribution costs increased significantly by approximately HK$3,217,000 to approximately HK$7,575,000 for the year ended 31 December 2021 (2020: approximately HK$4,358,000). While the increase was brought by the increase in revenue, with the significant impact of the COVID-19 pandemic, the global supply chain has been in an unstable state and the global transportation cost continued to rise, and the Company adopted short-term retail shop leases as a more flexible strategy which recognized more short term retail lease rentals.

Administrative and other operating expenses decreased by approximately HK$1,853,000 to approximately HK$23,302,000 (2020: approximately HK$25,155,000) for the year ended 31 December 2021. The decrease was mainly due to the decrease in employee costs for administrative and supporting staff as a result of the strengthened human resources management of the Group and the decrease in professional fee of the Group.

As a result of the above, the Group recorded a net loss attributable to owners of the Company of approximately HK$20,987,000 (2020: approximately HK$21,758,000) for the year ended 31 December 2021. Loss per share for the year ended 31 December 2021 was HK5.5 cents (2020: HK5.7 cents).

BUSINESS REVIEW

For the year ended 31 December 2021, the Leather Manufacturing Business and Leather Retail Business accounted for approximately 93.5% (2020: approximately 92.4%) and approximately 6.5% (2020: approximately 7.6%) of the Group's total revenue, respectively.

Leather Manufacturing Business

For the year ended 31 December 2021, revenue of the Leather Manufacturing Business from external customers was approximately HK$46,016,000, in comparison with approximately HK$36,743,000 for the year ended 31 December 2020. The increase was mainly due to the increase in vaccination rates and reopening of border in overseas countries, the international consumption environment has gradually stabilised, especially the demand from the United States of America and other countries.

Revenue analysis by geographic location:

	2021		2020	
	HK$'000	*%*	*HK$'000*	*%*
Hong Kong	**4,921**	**10.7**	3,276	8.9
United States of America	**29,888**	**65.0**	22,707	61.8
Europe	**7,130**	**15.5**	8,229	22.4
The PRC	**—**	**—**	14	0.0
Other countries	**4,077**	**8.8**	2,517	6.9
	46,016	**100**	36,743	100

Revenue analysis by product category:

	2021		2020	
	HK$'000	*%*	*HK$'000*	*%*
Belts	**44,952**	**97.7**	35,937	97.8
Leather goods and other accessories	**1,064**	**2.3**	806	2.2
	46,016	**100**	36,743	100

Leather Retail Business

For the Leather Retail Business, due to the adverse retail environment of Hong Kong largely due to the outbreak of the COVID-19 pandemic, and keen competition from rivals and online sales, the Group recorded revenue of approximately HK$2,366,000 from Hong Kong (2020: approximately HK$3,028,000) for the year ended 31 December 2021, representing an approximately 21.9% decrease in comparison with the year ended 31 December 2020. Nonetheless, the Company actively developed its online retail business in the PRC and recorded revenue of approximately of HK$810,000 from the PRC (2020: Nil) during the year ended 31 December 2021. Gross profit margin for the year ended 31 December 2021 increased to approximately 68.4%, as compared to approximately 56.6% for the year ended 31 December 2020.

The Leather Retail Business resulted in a loss of approximately HK$5,787,000 for the year ended 31 December 2021 as compared to approximately HK$7,286,000 for the year ended 31 December 2020. The Group maintained four (2020: four) AREA 0264 stores and one (2020: one) Teepee Leather workshop in Hong Kong as at 31 December 2021.

PROSPECTS

In 2021, with the gradual relief of the global COVID-19 epidemic, global production gradually approached the pre-epidemic level, consumption accelerated recovery, and consumption in the overseas leatherware market resumed somewhat.

With the increase in vaccination rates and reopening of border in overseas countries, the international consumption environment has gradually stabilised. In addition, the Fourteenth Five-Year Plan (the "**145 Plan**") sets out the development vision of the PRC for the next five years up to 2035. The 145 plan has active measures to increase the supply and demand of domestic consumers, which is a good omen for the future of the retail industry and is positive for the retail and e-commerce markets.

Looking forward to 2022, the Group remains optimistic about the situation of the leatherware industry. With the replenishment demand of oversea brands and the continuous recovery of overseas demand, it is expected that leatherware orders will continue to improve in coming years. However, due to the continuing impact of the COVID-19 pandemic, there are also certain uncertainties ahead.

In addition, the existing retail market and popularity are constantly changing, and consumers with high spending power are gradually becoming younger. However, our existing leatherware products' styles are outdated and lack of attractiveness. In 2022, we will keep focusing on designing and launching a new series of leatherware products that are in the style of our brand named AREA 0264 without losing trendy elements. It is expected that it will bring a new modern atmosphere to the retail business.

In the meantime, with the opening of the new factory in Dongguan in the second half of 2021, the Group will focus on improving the production efficiency within the factory in order to achieve its optimal production level.

Furthermore, as announced on 16 June 2020, the Group has undertaken plans to diversify into the businesses of industrial hemp planting and hemp fabric product production (the "**Business Plan**"). Hemp fabric is made of fibres from industrial hemp, and is a type of textile which is antibacterial, strong and versatile, and fill in as a characteristic environment-adjusting framework that makes it desirable for both summer and winter.

The Group has obtained the relevant permit to plant industrial hemp and rented a parcel of land in Yunnan for the trial cultivation of industrial hemp. The Group has also secured the provision of the industrial hemp seeds of Yunma No. 7* (雲麻7號) from the Institute of Economic Crops of the Yunnan Academy of Agricultural Science* (雲南省農業科學院經濟作物研究所). The Group is still in a preliminary development stage and committed to experimental cultivation of industrial hemp. The Group looks forward to the successful trial planting and the ability to manufacture and produce hemp fabrics in the future.

The Board considers that the Business Plan, if materialized, could diversify the Group's product portfolio and income streams, thereby improving its profitability in the long term.

The Group will continue to work with customers, shareholders and business partners for the sustainable development of society, and concurrently review its business strategic directions and operations with a vision to further mitigate loss and to maximize its shareholders' value.

* *For identification purpose only*

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021, the Group's cash and bank deposits were approximately HK$1,469,000 as compared to approximately HK$2,280,000 as at 31 December 2020.

The Group recorded total current assets of approximately HK$25,033,000 (31 December 2020: approximately HK$28,329,000) as at 31 December 2021 and total current liabilities of approximately HK$58,292,000 (31 December 2020: approximately HK$37,854,000) as at 31 December 2021. The decrease in total current assets was mainly due to the decrease in trade receivables, amount due from a related company, pledged time deposit and cash and bank balances. The current ratio of the Group, calculated by dividing the total current assets by the total current liabilities, was approximately 0.43 times (31 December 2020: approximately 0.75 times) as at 31 December 2021.

As at 31 December 2021, the Group had total assets amounting to approximately HK$41,186,000 (2020: approximately HK$32,092,000) and total liabilities of approximately HK$71,721,000 (2020: approximately HK$42,979,000). The gearing ratio of the Group, calculated as total liabilities over total assets, was approximately 174.1% (31 December 2020: approximately 133.9%) as at 31 December 2021.

The drop in current ratio and the increase in gearing ratio was mainly resulted by the increase of advances and loans from the ultimate controlling shareholder provided during the year for supporting the Group's operating needs.

The Group recorded deficiency in assets of approximately HK$30,535,000 (31 December 2020: HK$10,887,000) as at 31 December 2021, which was mainly attributable to the operating loss of the year.

As detailed in note 2.1 to this announcement, the Company has undertaken various measures to improve its liquidity.

Inventories and trade receivables

The Group recorded total inventories of approximately HK$10,566,000 (31 December 2020: approximately HK$11,265,000) as at 31 December 2021 and the inventory turnover days decreased to 98 days as at 31 December 2021 from 148 days as at 31 December 2020. The Group had trade receivables of approximately HK$7,090,000 (31 December 2020: approximately HK$9,833,000) as at 31 December 2021 and the debtor turnover days decreased from 90 days to 53 days. The improvement on inventory turnover days and the debtor turnover days was mainly due to the global economic activities gradually resumed during the year ended 31 December 2021.

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held as at 31 December 2021 and 31 December 2020.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2021.

TREASURY POLICY

The Group generally finances its operation with internally generated resources and advances and loans from directors and the ultimate controlling shareholder. Cash and bank deposits of the Group are mainly denominated in HK$, USD and RMB. Transactions of the Group are mainly denominated in HK$, USD and RMB. As HK$ is pegged to USD, the Group does not expect any significant movements in the USD/HK$ exchange rate. In this regard, the Group is not exposed to significant currency risk arising from USD. The fluctuations in the RMB's value against other currencies will create foreign currency translation gains or losses and may have a significant impact on the Group's business, financial condition and results. The Group currently does not have any foreign currency hedging policy. However, the management of the Company will continue to monitor foreign exchange exposure and will consider taking measures to mitigate significant foreign currency exposure should the need arise.

CHARGES ON ASSETS, COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any charges on assets (2020: time deposits at a bank of approximately HK$430,000).

Other than the operating lease commitments disclosed in note 16 to this announcement, the Group had no significant commitments and contingent liabilities as at 31 December 2021 and 31 December 2020.

EVENT AFTER THE REPORTING PERIOD

Apart from certain supplemental agreements entered by the Group and Mr. Zhao Jingfei, an executive Director, Chairman and ultimate controlling shareholder of the Company as disclosed in note 2.1 to this announcement, there was no material event occurring subsequent to the end of the reporting period.

HUMAN RESOURCES

As at 31 December 2021, the Group employed 157 (2020: 169) employees. The salaries of employees largely depend on their job nature, performance and length of service with the Group. The Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of the Group. Discretionary bonuses are also available to the Group's employees depending on the overall performance of the Group. In addition to the basic remuneration, the Group also provides employees with employees benefits, including defined contribution plans, medical scheme and other applicable social insurance as required by the applicable laws and regulations. Apart from regular on-the-job training, the Group provides training to new employees including an introduction to relevant regulations and general safety awareness and a workshop specific training to the work area and the role of individual within the workshop.

FINAL DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is important to the success of the Company. The Company is committed to attaining good standard of corporate governance practices in order to enhance shareholders' value and safeguard the interests of shareholders.

The Company's corporate governance practices are based on the principles and code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 of the Listing Rules.

The Company has complied with the Code Provisions as set out in the CG Code during the year ended 31 December 2021 except for the Code Provisions D.2.5 in respect of having an internal audit function and C.5.1 in respect of holding board meetings at least four times a year at approximately quarterly intervals.

Under Code Provision D.2.5 of the CG Code, the Group should have an internal audit function. The Group has reviewed the need for an internal audit department annually. Given the Group's simple operating structure, the management is of the opinion that instead of setting up an internal audit department, it would be more cost effective to engage an independent external professional party to review on annual basis the internal control systems and measures of the Group and report to the audit committee (the "**Audit Committee**") members.

The improvement of the systems of risk management and internal control is an ongoing process and the Board maintains a continuing commitment to strengthen the Group's control environment and processes.

Due to the difficulties encountered by the Company in arranging meeting of all Directors for the year ended 31 December 2021, only three Board meetings were held. In view of the above and in order to comply with Code Provision C.5.1 of the CG Code, the Company has planned in advance four scheduled Board meetings a year at approximately quarterly intervals in order that the Directors can plan in advance their availability.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Directors have confirmed compliance with the required standard set out in the Model Code during the year ended 31 December 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

AUDIT COMMITTEE

The Company established an Audit Committee with written terms of reference in compliance with the requirements as set out in the Listing Rules for the purposes of reviewing and supervising the financial reporting process, internal controls and risk management systems of the Group. The Audit Committee currently comprises Ms. Han Yu (Committee Chairlady), Ms. Jia Lixin and Mr. Rong Yi. The Audit Committee has reviewed and discussed with the management and the external auditor the financial reporting matters including the annual results for the year ended 31 December 2021.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has maintained a sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

COMPETING INTERESTS

None of the Directors or substantial shareholders of the Company or their respective close associates (as defined in the Listing Rules) has any interest in a business which competes or may compete, either directly or indirectly, with the businesses of the Group, during the year ended 31 December 2021 and up to the date of this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the shareholders of the Company (the "**AGM**") will be held in Hong Kong on Tuesday, 28 June 2022 at 2 p.m. and the notice of the AGM will be published and issued to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for attending the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 22 June 2022.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the websites of the Company (www.irasia.com/listco/hk/cidc/index.htm) and the Stock Exchange (www.hkex.com.hk). An annual report for the year ended 31 December 2021 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt gratitude to the management team and all our staff for their hard work, commitment, dedication and contribution, and all of our shareholders, valuable customers and banks for their ongoing support.

By order of the Board
China International Development Corporation Limited
Zhao Jingfei
Chairman and Executive Director

Hong Kong, 17 May 2022

As at the date of this announcement, the executive Directors are Mr. Zhao Jingfei, Mr. Fan Xin and Mr. Qin Bohan; and the independent non-executive Directors are Ms. Han Yu, Ms. Jia Lixin and Mr. Rong Yi.