THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Development Bank International Investment Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

China Development Bank International Investment Limited
國開國際投資有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1062)

MAJOR TRANSACTION
DISPOSAL OF INVESTMENT INTERESTS
THROUGH LISTING-FOR-SALES

Capitalised terms used on this cover page shall have the same meanings as defined in the section headed under "Definitions" of this circular, unless the context otherwise requires.

The Disposal has been approved by written shareholders' approval obtained from CDBIH, the controlling shareholder, pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

26 September 2022

CONTENTS

Page

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of Directors
"Business Day"	a day, other than a Saturday, Sunday, public holiday and a day on which a typhoon signal no. 8 or above or a "black rainstorm warning signal" is hoisted in Hong Kong at any time between 9:00 am and 5:00 pm, on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
"CDB"	China Development Bank Corporation（國家開發銀行股份有限公司）), a company incorporated under the laws of the PRC and the ultimate parent company of CDBIH. CDB is a limited liability company owned by the Ministry of Finance ("**MOF**") and Central Huijin Investment Limited ("**Huijin**"). The MOF is one of the ministries under the State Council of the PRC, and Huijin was established to hold certain equity investments as authorized by the State Council of the PRC and exercises legal rights and obligations on behalf of the PRC government
"CDBC"	China Development Bank Capital Corporation Ltd（國開金融有限責任公司), a company incorporated under the laws of the PRC and a wholly-owned subsidiary of CDB
"CDBIH"	China Development Bank International Holdings Limited, being the controlling Shareholder directly holding 1,920,000,000 shares of the Company (representing approximately 66.16% of the total number of issued shares of the Company as at the Latest Practicable Date)
"Company"	China Development Bank International Investment Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Deferred Interest"	if applicable, the deferred interests payable to the Company which is chargeable at the rate of 4.35% per annum in relation to any deferred payment of the remaining balance of RMB134,960,000 to the Company
"Director(s)"	directors of the Company
"Disposal"	the disposal of the Sale Interests by the Company through listing-for-sales on the SUAEX

"Equity Transfer Agreement"	the equity transfer agreement dated 15 July 2022 and entered into by the Company and Shenzhen Aoyuheng after trading hours, pursuant to which the Company agreed to sell and Shenzhen Aoyuheng agreed to acquire 4.82% equity interest in P.G. Logistics at a consideration of RMB192,800,000
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Third Party"	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
"Latest Practicable Date"	21 September 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"ODI Process"	the overseas direct investment process in relation to the Disposal to be applied and completed by Shenzhen Aoyuheng (including filing and approval procedures with the National Development and Reform Commission of the PRC and the Ministry of Commerce of the PRC)
"P.G. Investment"	Guangzhou P.G. Investment Co., Ltd.* (廣州寶供投資有限公司), a company incorporated in the PRC with limited liabilities
"P.G. Logistics"	P.G. Logistics Property Investment Limited, an investment holding company incorporated in the Cayman Islands with limited liabilities
"PRC" or "China"	the People's Republic of China, which for the purpose of this circular excludes Hong Kong, the Macao Special Administrative Region and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC

* *for identification purpose only*

"Sale Interests"	the 4.82% equity interests in P.G. Logistics held by the Company
"Shareholders"	shareholders of the Company
"Shenzhen Aoyuheng"	Shenzhen Aoyuheng Industrial Co., Ltd.* (深圳市奧裕恆實業有限公司), a company incorporated in the PRC with limited liabilities and the intended purchaser in relation to the Disposal under the Equity Transfer Agreement
"SUAEX"	Shanghai United Assets and Equity Exchange (上海聯合產權交易所有限公司), a comprehensive property right exchange approved to be established by the Municipal People's Government of Shanghai
"subsidiary"	has the meaning ascribed to it under the Listing Rules
"Valuation Report"	the valuation report on the shareholders' interests in P.G. Logistics issued by the Valuer with the reference date being 31 May 2021
"Valuer"	China Tong Cheng Assets Appraisal Co., Ltd.* (中通誠資產評估有限公司), an independent qualified asset appraisal firm in the PRC engaged by the Company to conduct the valuation of the shareholders' interests of P.G. Logistics
"%"	Percent

* *for identification purpose only*

China Development Bank International Investment Limited
國開國際投資有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1062)

Directors:

Non-executive Director:
Mr. LU Yanpo *(Chairman)*

Independent Non-executive Directors:
Mr. SIN Yui Man
Mr. FAN Ren Da, Anthony
Mr. CHEUNG Ngai Lam

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

Principal Place of Business:
Suites 4506-4509
Two International Finance Centre
No. 8 Finance Street
Central, Hong Kong

26 September 2022

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
DISPOSAL OF INVESTMENT INTERESTS
THROUGH LISTING-FOR-SALES

INTRODUCTION

Reference is made to the announcements of the Company dated 1 June 2022, 30 June 2022 and 15 July 2022 in relation to the disposal of the 4.82% interest in P.G. Logistics through public listing for-sale process on the SUAEX.

On 15 July 2022 (after trading hours), the Company entered into the Equity Transfer Agreement with Shenzhen Aoyuheng in relation to the disposal of 4.82% interest in P.G. Logistics by the Company to Shenzhen Aoyuheng for a consideration of RMB192,800,000. Upon completion of the Disposal, the Company will not hold any equity interest in P.G. Logistics.

As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

So far as the Company is aware, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approval of the Equity Transfer Agreement and the Disposal. CDBIH, being the controlling Shareholder directly holding 1,920,000,000 shares of the Company (representing approximately 66.16% of the total number of issued shares of the Company as at the Latest Practicable Date), has given its written approval for the Equity Transfer Agreement and the Disposal. Accordingly, such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

The purpose of this circular is to provide you with, among other things, (i) further information relating to the Equity Transfer Agreement and the Disposal; (ii) the financial information of the Group; (iii) summary of valuation report and (iv) other documents required to be disclosed pursuant to the Listing Rules.

THE DISPOSAL

Reference is made to the announcements of the Company dated 1 June 2022, 30 June 2022 and 15 July 2022 in relation to the disposal of the entire 4.82% equity interest in P.G. Logistics held by the Company through public listing-for-sale process on the SUAEX.

The bidding period of the public listing-for-sale process ended on 30 June 2022 and Shenzhen Aoyuheng has been confirmed as the qualified bidder by the SUAEX.

THE EQUITY TRANSFER AGREEMENT

On 15 July 2022 (after trading hours), the Company entered into the Equity Transfer Agreement with Shenzhen Aoyuheng, pursuant to which the Company agreed to sell and Shenzhen Aoyuheng agreed to acquire 4.82% equity interest in P.G. Logistics for a consideration of RMB192,800,000. Upon completion of the Disposal, the Company will not hold any equity interest in P.G. Logistics. Set out below is a summary of the principal terms of the Equity Transfer Agreement.

Date

15 July 2022

Parties

(1) Vendor: The Company

(2) Purchaser: Shenzhen Aoyuheng

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shenzhen Aoyuheng and the ultimate beneficial owner of Shenzhen Aoyuheng are third parties independent of the Company and its connected persons as at the Latest Practicable Date.

The Disposal

The assets to be disposed of by the Company to Shenzhen Aoyuheng under the Equity Transfer Agreement is the entire 4.82% equity interest in P.G. Logistics. Upon completion of the Disposal, the Company will not hold any equity interest in P.G. Logistics.

Consideration and payment terms

The total consideration for the Disposal is RMB192,800,000 (equivalent to the base price), being the final bidding price of equity interest in P.G. Logistics, shall be paid by Shenzhen Aoyuheng in the following manner:

(1) a security deposit of RMB10,000,000 has been paid by Shenzhen Aoyuheng to SUAEX and shall constitute part of the first installment;

(2) a first installment (which shall include the paid security deposit) of RMB57,840,000, being 30% of the final bidding price, shall be paid by Shenzhen Aoyuheng into the escrow account designated by the SUAEX within 5 business days after signing of the Equity Transfer Agreement; and

(3) the remaining balance of RMB134,960,000 together with the Deferred Interests (if any) in relation to any deferred payment shall be paid by Shenzhen Aoyuheng within 6 months after signing of the Equity Transfer Agreement.

Basis of consideration

The base price for the Disposal is RMB192,800,000 which is determined (i) by the SUAEX rules, and (ii) based on the results of the Valuation Report issued by an independent valuer, China Tong Cheng Assets Appraisal Co., Ltd. (中通誠資產評估有限公司), in respect of the shareholders' interests of P.G. Logistics (by using asset-based approach) with 31 May 2021 as the reference date. As at 31 December 2021, the carrying amount of the net asset value of the Company's 4.82% equity interest in P.G. Logistics was approximately RMB204,622,310. Accordingly, the carrying amount of the net asset value of the Company's 4.82% equity interest in P.G. Logistics exceeded the consideration, which was approximately RMB11,822,310.

As disposal of the Sale Interests involves disposal of state asset by the Company which shall require registration of valuation of the appraised subject under disposal, the Company therefore has engaged the Valuer to conduct the valuation of the Sale Interests with 31 May 2021 as the reference date and the Valuation Report was finalized and issued by the Valuer on 20 October 2021. Following completion of the valuation foregoing mentioned, the Company was then able to submit registration of the valuation with the relevant governmental authority and completed the registration on 21 April 2022. After registration of such valuation, the Company initiated a listing-for-sale process to dispose of its 4.82% interest in P.G. Logistics on SUAEX on 30 May 2022. Having discussed with the management of P.G. Logistics regarding the situation of P.G. Logistics since 31 May 2021 (the reference date of the Valuation Report) up to the Latest Practicable Date including reviewing certain financial information of P.G. Logistics up to 30 June 2022 provided by P.G. Logistics, the Board is of the view that there is no material change on the financial performance of P.G. Logistics after 31 May 2021 up to the Latest Practicable Date.

Established in 1994, the Valuer engaged by the Company is a qualified asset appraisal firm authorised by Ministry of Finance of the PRC, Ministry of Housing and Urban-Rural Development of the PRC, China Securities Regulatory Commission and China Real Estate Valuers and Agents Association to perform equity and/or property valuation works in the PRC. Further, the partners, directors, officers and staff of the Valuer is/are not any officer or servant or proposed director of (i) the Company, (ii) its subsidiaries, (iii) its holding company, (iv) any subsidiary of its holding company or (v) any associated company; and the Valuer does not have any direct or indirect shareholding interest in the Company or any member of the Group, and the Valuer is not the subsidiary, holding company, or a subsidiary of the holding company of the Company and therefore the Valuer is a third party independent of the Company and its connected persons. The Board has reviewed and enquired the Valuer's qualifications and experience in relation to the performance of the valuation. Based on the information provided by the Valuer (i.e. company brochure, qualification certificates and previous experience) and after making reasonable enquires, the Board is of the view that the Valuer possesses the necessary competence and independence in preparing the Valuation Report.

The Board discussed the Valuation Report with the Valuer and understand that regarding the valuation methodology adopted in the Valuation Report, the Board note that the Valuer has considered all the commonly adopted valuation approaches in the market (namely, market approach, asset-based approach and income approach) for the purpose of determining the book value and the appraised value of the entire interest of the shareholders of P.G. Logistics and is of the view that the asset-based approach is the most appropriate valuation methodology in the case of P.G. Logistics.

The asset-based approach is the method by which the value of the appraised entity is determined by reasonably assessing the values of each asset and liability item, both on and off balance sheet, based on the balance sheet. Taking into account the circumstances of this valuation including no off balance sheet items have been identified, P.G. Logistics can provide and the Valuer can collect externally the information required for the valuation by the asset-based approach, so that thorough investigation and valuation can be conducted on the assets and liabilities of P.G. Logistics. Therefore, the asset-based approach is applicable to this valuation.

In conducting the valuation of the entire shareholders' interest of P.G. Logistics, the Valuer has made the following major assumptions:

Basic assumptions

1. Transaction assumption. Under the transaction assumption, it is assumed that all assets to be appraised are in the process of transaction, and the appraisers will make estimation in a simulated market according to the transaction conditions (among others) of assets to be appraised.

2. Open market assumption. The open market assumption represents that assets may be traded freely in a highly competitive market and the price of which is determined based on the judgment of both independent buyer and seller over the value of assets under certain supply and demand conditions.

Specific assumptions

1. There would be no material change in the relevant existing laws, regulations, policies as well as the macro-economic conditions of the country. The political, economic and social environment of the region in which each party to the transaction is located will not have any material change.

2. It is assumed that the operators of P.G. Logistics are responsible and the management of P.G. Logistics is capable of performing their respective roles.

3. Unless otherwise stated, it is assumed that P.G. Logistics fully complies with all relevant laws and regulations.

4. It is assumed that the accounting policies to be adopted by P.G. Logistics in future will be basically consistent in material aspects with those adopted in the preparation of this Valuation Report.

5. It is assumed that the business scope and method of operation of P.G. Logistics will be consistent with those in existence on the basis of the existing management model and level.

6. It is assumed that there would be no material change in the interest rate, exchange rate, tax base and tax rate and policy-imposed levies.

7. It is assumed that there would be no material adverse impact on P.G. Logistics imposed by other force majeure and unforeseeable circumstances.

The Board believe that these key assumptions are generally adopted in similar valuation activities and are necessary for the Valuer to arrive at a reasonable estimated valuation of the total equity interest of P.G. Logistics. The Board is therefore satisfied that the abovementioned methodology, key assumptions and parameters are fair and reasonable in relation to the Valuation Report.

For further details of the Valuation Report, please refer to “Appendix II – Summary of the Valuation Report” to this circular.

Other major terms

Within 2 months after the first installment is paid by Shenzhen Aoyuheng, the Company shall use commercially reasonable efforts to provide Shenzhen Aoyuheng with resolutions of the directors and shareholders of P.G. Logistics in approving the following:–

(1) to register Shenzhen Aoyuheng as a shareholder of P.G. Logistics and issue share certificate to Shenzhen Aoyuheng in relation to Shenzhen Aoyuheng's holding of the Sale Interests;

(2) to amend the articles of association of P.G. Logistics in connection with the Disposal accordingly (if necessary and applicable); and

(3) to agree Shenzhen Aoyuheng to sign a shareholders' agreement with the other shareholders of P.G. Logistics within 2 months after the first installment is paid by Shenzhen Aoyuheng and the shareholders' agreement shall then be provided to Shenzhen Aoyuheng.

The Company shall procure the SUAEX to provide the relevant documentation in relation to the Disposal to Shenzhen Aoyuheng as soon as possible after Shenzhen Aoyuheng has paid the consideration in full.

According to the Listing Rules, completion of the Disposal is also subject to the Shareholders having passed a resolution at a general meeting or by way of written approval in lieu of holding a general meeting (if applicable) to approve the Equity Transfer Agreement and the Disposal, and the satisfaction of any other requirements under the Listing Rules by the Company (if applicable). In this connection, the Company has obtained the written approval for the Equity Transfer Agreement from CDBIH, being the controlling Shareholder directly holding 1,920,000,000 shares of the Company (representing approximately 66.16% of the total number of issued shares of the Company as at the Latest Practicable Date). Accordingly, such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

Further Deposit

Both parties agree that Shenzhen Aoyuheng shall pay a further deposit of RMB10,000 to a bank account designated by the Company within 5 business days from the effective date of the Equity Transfer Agreement as a guarantee for the payment of the remaining balance by Shenzhen Aoyuheng.

Except as provided for under the Equity Transfer Agreement, in the event that Shenzhen Aoyuheng fails to pay the remaining balance to the Company in accordance with the Equity Transfer Agreement and the Disposal fails to complete, the Company shall be entitled to forfeit the further deposit. The further deposit shall be refunded to Shenzhen Aoyuheng on the date of receipt of the balance payment from Shenzhen Aoyuheng.

In the event that the Company is in breach of the Equity Transfer Agreement and the Disposal fails to complete, the Company shall refund to Shenzhen Aoyuheng an amount equivalent to 2 times of the further deposit within 3 business days from the date of receipt of the notice of default from Shenzhen Aoyuheng.

Completion

Pursuant to the Equity Transfer Agreement:–

(1) Shenzhen Aoyuheng shall pay all the consideration and the Deferred Interest (if any) within 6 months after the Equity Transfer Agreement takes effect; and

(2) Within 15 business days after all consideration has been paid by Shenzhen Aoyuheng, the Company shall offer necessary assistance to P.G. Logistics in respect of the Disposal and deliver to Shenzhen Aoyuheng the updated register of shareholders, articles of association of P.G. Logistics (if required) and share certificate relating to the Sale Interests.

Termination of the Disposal

(1) Shenzhen Aoyuheng shall be entitled to terminate the Equity Transfer Agreement in the event that:–

(a) the Company fails to provide the resolutions of the board and shareholders of P.G. Logistics in relation to the Disposal and the shareholders' agreement of P.G. Logistics to Shenzhen Aoyuheng;

(b) Shenzhen Aoyuheng fails to complete the ODI Process within 6 months from the date of the Equity Transfer Agreement (or such other time as the Company and Shenzhen Aoyuheng may agree in writing);

(c) Shenzhen Aoyuheng is unable to complete the ODI Process within 3 months (or such other time as the Company and Shenzhen Aoyuheng may agree in writing) after the remaining balance is paid to the bank account designated by the SUAEX; or

(d) the Company fails to complete the transfer and the formality in connection with the Disposal in a timely manner as stipulated in the Equity Transfer Agreement.

(2) The Company shall be entitled to terminate the Equity Transfer Agreement in the event that:–

(a) Shenzhen Aoyuheng fails to complete the ODI Process within 3 months (or such other time as the Company and Shenzhen Aoyuheng may agree in writing) after the remaining balance is paid to the bank account designated by the SUAEX; or

(b) Shenzhen Aoyuheng fails to pay the remaining balance in full and both parties also confirm that the Disposal could not be completed due to reasons other than (i) any failure on the part of the Company to provide resolutions of the board and shareholders of P.G. Logistics and the shareholders' agreement of P.G. Logistics to Shenzhen Aoyuheng, and (ii) any failure on the part of Shenzhen Aoyuheng to complete the ODI Process in relation to the Disposal within 6 months from the date of the Equity Transfer Agreement (or such other time as the Company and Shenzhen Aoyuheng may agree in writing).

INFORMATION ABOUT THE COMPANY

The Company is an investment holding company and the principal activity of the Company is to identify, explore and hold suitable investment opportunities through investments.

The Company has been committed to identifying and exploring high-quality investment opportunities and has established certain investment layout in areas including, but not limited to, logistics infrastructure and supply chain services, advanced manufacturing and new energy.

INFORMATION ABOUT SHENZHEN AOYUHENG

Shenzhen Aoyuheng is a company incorporated in the PRC and its principal businesses are to apply its own funds in investment activities and doing domestic agency trading business in the PRC. Shenzhen Aoyuheng is currently owned as to 100% by Shenzhen Tiange Industry Investment Holding Co., Ltd.* (深圳市天格產業投資控股有限公司), and Shenzhen Tiange Industry Investment Holding Co., Ltd.* (深圳市天格產業投資控股有限公司) is owned as to 100% by Tiange Investment and Management Group Co. Ltd.* (天格投資管理集團有限公司). Tiange Investment and Management Group Co. Ltd.* (天格投資管理集團有限公司) is owned as to 85% by Yang Qixiong* (楊啓雄) and 15% by Chen Hanrui* (陳漢銳).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shenzhen Aoyuheng and the ultimate beneficial owner of Shenzhen Aoyuheng are third parties independent of the Company and its connected persons as at the Latest Practicable Date.

INFORMATION ABOUT P.G. LOGISTICS

P.G. Logistics is an investment holding company incorporated in the Cayman Islands with limited liabilities. As at 31 December 2021, the proportion of the issued share capital of P.G. Logistics owned by the Group was 4.82%. As at 31 December 2021, P.G. Logistics held the entire equity interests of P.G. Investment which is a logistics warehouse infrastructure operator in the PRC.

(Remarks: P.G. Investment completed the restructuring of overseas red chips on 25 May 2021 and as a result of which, the equity interests of Jolly Investment Limited originally held by the Group has been converted into relevant equity interests of P.G. Logistics)

Set out below is the key unaudited financial information of P.G. Logistics for the two financial years ended 31 December 2020 and 31 December 2021 prepared in accordance with the PRC GAAP.

* *for identification purpose only*

	For the year ended 31 December 2020 RMB (unaudited)	31 December 2021 RMB (unaudited)
Revenue	139,220,455	122,081,637
Loss before tax	(38,803,119)	(38,942,984)
Loss after tax	(40,580,335)	(40,494,885)

Based on the audited financial statements of P.G. Logistics for the period ended 31 May 2021, which was prepared in accordance with the PRC GAAP, the audited net assets of P.G. Logistics as at 31 May 2021 were RMB806.42 million.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Based on the cost of the Sale Interests in the amount of approximately RMB167,686,350 and the consideration in relation to the Disposal, the Company might record an unaudited gain of RMB25,113,650 in respect of the Disposal upon completion. However, with reference to (i) the consideration for the Disposal, (ii) the audited carrying amount of the Sale Interests as at 31 December 2021, and (iii) all relevant expenses incidental to the Disposal, it is likely that the Company will record an unaudited loss of approximately RMB22,416,319. The total assets of the Group are expected to decrease by RMB11,822,310 and the Company expects there will be no impact on the total liabilities if the consideration is paid within year 2022.

The Company intends to use the proceeds from the Disposal, if materialized, in the following way: (i) approximately 8% to 10% of the proceeds will be used as general working capital, including but not limited to for the payments of staff costs, professional fee and general administrative and operating expenses (including utilities, insurance, government registration and filing fees etc.) and (ii) approximately 90% to 92% of the balance of the proceeds will be used for future investments of the Company.

The Company anticipates that all the proceeds will be fully utilised by the next three to five years depending on the global investment environment and the investment opportunities then available to the Company during such period.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activities of the Group are to achieve medium-term to long-term capital appreciation of its assets primarily through its investments in money market securities and equity and debt related securities in listed and unlisted entities on a global basis.

The Board is of the view that the Disposal is in line with the Company's medium-term to long-term capital appreciation of its assets. Taking into account the fact that the Company has been holding the Sale Interests for a long period of time, notwithstanding that the current market may experience certain volatility, cash realized from the Disposal will allow the Company to forthwith replenish its working capital. With the cash flow and liquidity position improved as such, the Group will be able to invest and respond in a timely manner whenever any investment opportunities arise in the future and the Board believes that the Disposal will bring along a positive impact on the financial position of the Company. Taking into consideration of the aforesaid and the terms of the Equity Transfer Agreement were determined after arm's length negotiations between the Company and Shenzhen Aoyuheng with reference to the financial performance and asset value of P.G. Logistics, the Board considers that: (1) the Disposal is on normal commercial terms and is fair and reasonable, and (2) the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Disposal is more than 25% but all of them are less than 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

So far as the Company is aware, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approval of the Equity Transfer Agreement and the Disposal. CDBIH, being the controlling Shareholder directly holding 1,920,000,000 shares of the Company (representing approximately 66.16% of the total number of issued shares of the Company as at the Latest Practicable Date), has given its written approval for the Equity Transfer Agreement and the Disposal. Accordingly, such written approval is accepted in lieu of holding a general meeting pursuant to Rule14.44 of the Listing Rules.

By Order of the Board of Directors of
China Development Bank International Investment Limited
LU Yanpo
Chairman

1. AUDITED FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three years ended 31 December 2021 is disclosed in the following documents available on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (http://www.cdb-intl.com).

Annual Report for the year ended 31 December 2021 (pages 66 to 114):
https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042801853.pdf

Annual Report for the year ended 31 December 2020 (pages 60 to 110):
https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042902769.pdf

Annual Report for the year ended 31 December 2019 (pages 57 to 108).
https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0423/2020042302618.pdf

2. WORKING CAPITAL

After taking into account the financial resources available to the Group, including the proceeds from the Disposal, the internally generated funds and currently available facilities from its substantial shareholder, the Directors, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances. The Company has also obtained a letter from BDO Limited, the auditor of the Company, confirming the sufficiency of working capital available to the Group.

3. INDEBTEDNESS

As at 31 August 2022, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this circular, the Group has indebtedness as summarised below:

Borrowings

The Group had total outstanding bank borrowings of HK$390 million as at 31 December 2021, which were fully repaid on 29 March 2022. Further details of which are set out below.

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

Ltd., which owns directly and indirectly 57.31% interest in China Construction Bank, the controlling company of CCB Asia, also owns 34.68% interest in China Development Bank ("**CDB**"), the controlling shareholder of China Development Bank Capital Corporation Ltd. ("**CDBC**") at the date of the Facility Agreement was entered into. As at 31 December 2021, the Group had drawn down US$50 million (equivalent to approximately HK$390 million) under the new facility agreement. As at 29 March 2022, the Group had fully repaid the bank borrowings.

Save as disclosed above and apart from intra-group liabilities, as of 31 August 2022, the Group did not have any other debt securities issued and outstanding, or authorised or otherwise created but unissued, loans or term loans (secured, unsecured, guaranteed or otherwise), other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

4. MATERIAL ADVERSE CHANGE

Reference is made to the profit warning announcement of the Company dated 10 August 2022 in which it is stated that the Group was expected to record a loss attributable to owners of the Company of not more than approximately HK$353 million for the six months ended 30 June 2022, as compared to the loss attributable to owners of the Company of approximately HK$128 million for the same period in 2021. Such expected loss is primarily attributable to a recognition of net valuation losses in fair value of financial assets at fair value through profit or loss.

As at the latest practicable date, having taken into account the profit warning as mentioned above, the Directors confirmed that there is no other material adverse change in the financial or trading position or outlook of the Group since 31 December 2021, the date to which the latest published audited consolidated financial statements of the Group were made.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

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

In 2022, the Company believes that the investment in logistics industry will still possibly create the best returns to the Shareholders. Logistics is the key foundation of the global business flow, and also synergises with e-commerce transactions with increasing importance. The efficiency of logistics-related industries has a material influence on investment decisions of large and small companies, and thus affects the amount and location of job opportunities created around the world. During the "13th Five-Year" period, the National Development and Reform Commission announced that, based on the requirements of leading the new economic normality and implementing the new development concept, reducing cost and improving efficiency in the logistics industry and serving important national material-strategies should continue to be the key mission of "Reducing Cost, Reducing Deficiencies and Promoting Supply-side Structural Reforms" and the innovative development of the logistics industry will be supported with great efforts. On one hand, with the innovation of logistics industry systems and mechanisms, refinement of relevant policies, strengthening of the construction of critical segments of logistics industry, support of the development of new logistic modes such as third party logistics and multi-mode transportation and reduction of tax liabilities, reduction of costs and improvement of efficiency in the logistics industry will be promoted and the real economy will be strengthened with stable growth. On the other hand, the "Three Strategies" will be implemented by planning the establishment of a big international logistic channel, promoting reforms of the Beijing, Tianjin and Hebei agricultural products circulation system and accelerating the multi-mode transportation development along the Yangtze River golden waterway as a core and so forth. Meanwhile, the sustainable and healthy development of the logistic industry will be backed by basic work including organisation and implementation of major projects of modern logistics industry, demonstration of the logistic pilots and formulation and revision of industry standards. As at the Latest Practicable Date, though the Company has not yet identified any potential investments, industry, or target to be invested in, nor has the Company completed or concluded any negotiation, agreement, arrangement or understanding in relation to any such investment, the Company will continue to seek for the best investment opportunities in the logistics industry, and actively explore the potential investment opportunities of information technology, advanced manufacturing, new energies, energy saving and environment protection sectors by comprehensively considering the national strategies such as China's industrial upgrade, the Belt and Road initiatives, and Guangdong-Hong Kong-Macao Bay Area development, so as to create the best returns to the Shareholders.

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

The following is extracted from the report prepared for the purpose of incorporation in this circular by China Tong Cheng Assets Appraisal Co., Ltd, an independent valuer, in connection with its valuation as at 31 May 2021.

Case Ref: Zhongtong Pingbao Zi [2021] No. 11325

Dear Sir/Madam,

Re: Shareholders' total equity value of 4.82% equity interest in P.G. Logistics Property Investment Limited

China Tong Cheng Assets Appraisal Co., Ltd（中通誠資產評估有限公司）was instructed by China Development Bank International Investment Limited (the "**Company**") to carry out a valuation of the value of total shareholders' equity interests of P.G. Logistics involved in the 4.82% equity interest in P.G. Logistics Property Investment Limited ("**P.G. Logistics**") held by the Company, which are proposed to be transferred by the Company by carrying out necessary valuation procedures using the asset-based approach on the principles of independence, objectivity and fairness pursuant to the requirements of laws, administrative regulations and asset valuation standards.

The following is a summary of the valuation report dated 20 October 2021 issued by China Tong Cheng Assets Appraisal Co., Ltd. (中通誠資產評估有限公司) in respect of the appraisal of the equity attributable to the owners of the Target Company as at the Valuation Reference Date:

I. Appraised entity: P.G. Logistics.

II. Purpose of valuation: Appraisal of the value of total shareholders' equity interests of P.G. Logistics, thus providing value reference for the proposed transfer of equity interests in P.G. Logistics by the Company.

III. Appraised subject: Value of total shareholders' equity interests of P.G. Logistics as at 31 May 2021.

IV. Scope of valuation: The scope of valuation covers the assets and liabilities of P.G. Logistics as at the Valuation Reference Date. The account statements corresponding to the assets and liabilities reported by the enterprise, the carrying amounts of the assets and liabilities as at the Valuation Reference Date have been audited by Dongguan Guanxin Accounting Firm (General Partnership)* (東莞市莞信會計師事務所(普通合夥)) and a standard unqualified audit report has been issued.

V. Type of value and definition: The valuation outcome is the market value of the subject matter. Market value refers to the price at which the appraised subject would be traded between a willing buyer and a willing seller acting reasonably at arm's length on the Valuation Reference Date, when neither is compulsory to buy or sell.

* *for identification purpose only*

VI. Valuation reference date and valuation basis: The valuation reference date was 31 May 2021. There are 5 kinds of basis for this evaluation report: (1) Basis of the Economic Activities – "Minutes of Review Meeting" of the Investment Committee of CDB Finance Co., Ltd. the fourth issue of 2022 (the total 530th issue); (2) Basis of laws and regulations – Including but not limited to the Asset Appraisal Law of the People's Republic of China (《中華人民共和國資產評估法》) and other relevant laws, administrative measures and implementation regulations, etc.; (3) Basis of valuation standards – including but not limited to the Asset Valuation Standards (Cai Zi (2017) No. 43) and other relevant evaluation guidelines and opinions; (4) Relevant Basis of Ownership and; (5) Relevant Basis of Pricing.

VII. Valuation approach:

(i) Selection of valuation approach

In accordance with the "Standards of Practice for Asset Valuation – Enterprise Value", when conducting enterprise value appraisal, an asset valuer shall analyse the applicability of the three basic approaches, namely the income approach, the market approach and the cost approach (asset-based approach), according to the relevant conditions such as purposes of valuation, subject of valuation, types of value and collection of information and choose a suitable valuation approach.

1. Market approach

Due to the limited access to trading information on the property rights trading market in the PRC and the significant differences in the product structure and composition of principal activities of similar enterprises, it is extremely difficult to select market comparables. As such, the market approach is not adopted in this valuation.

2. Asset-based approach

The asset-based approach is the method by which the value of the appraised entity (based on the balance sheet) is determined by reasonably assessing the value of each asset and liability item, both on and off-balance sheet. Taking into account the circumstances of this valuation, the appraised entity can provide, and the appraisers can collect externally the information required for the valuation by the asset-based approach, so that thorough investigation and valuation can be conducted on the assets and liabilities of the appraised entity. Therefore, the asset-based approach is applicable to this valuation.

3. Income approach

As the appraised entity is an offshore shareholding platform company with no actual business and personnel expenses, it is difficult to accurately quantify the future annual operating income and risks of the enterprise, and therefore the basic conditions for the adoption of the income approach to valuation are not met.

(ii) Asset-based approach

The asset-based approach is the method by which the value of the appraised entity is determined by reasonably assessing the values of each asset and liability item, both on and off balance sheet, based on the balance sheet. Taking into account the circumstances of this valuation, the appraised entity can provide and the appraisers can collect externally the information required for the valuation by the asset-based approach, so that thorough investigation and valuation can be conducted on the assets and liabilities of the appraised entity. Therefore, the asset-based approach is applicable to this valuation.

Detailed valuation methods involved in this valuation are set out as follows:

1. Monetary funds

Based on the breakdown of items for valuation provided by the valuation target, for RMB monetary funds, the appraised value is determined as the verified book value by the appraisers based on the valuation procedures. For foreign monetary funds, the appraised value is determined as the verified foreign currencies multiplying the central parity of foreign currencies against RMB as at the Valuation Reference Date.

2. Trade receivables, prepayments, other receivables and other current assets

Based on the breakdown of items for valuation provided by the valuation target, verification is conducted on accounting information and selected large amounts with analysis on the amount, time and reasons of arrears and recovery situation of each item of receivable to determine the appraised value of each item of receivable.

3. Long-term equity investment

Overall valuation is conducted on the long-term equity investment held. The assets and liabilities of each investee were checked with the overall appraisal made first to determine the net assets appraised value of each investee on the Valuation Reference Date, and the appraised value is then calculated and determined according to the proportion of equity investment.

4. Investment properties – Buildings

(1) Selection of valuation approach

① Selection of valuation approach for investment properties – Investment properties

In accordance with the "Guiding Opinions on Investment Properties Valuation", in carrying out the valuation of investment properties, the market approach and the income approach should be adopted first. In accordance with the above guiding opinions and considering the specific circumstances of the valuation target, the income approach has been chosen for this valuation, details are as follows:

For investment properties, as the buildings are used as warehouses, they are mainly used for leasing to generate rental income. As of the Valuation Reference Date, given the majority of the investment properties have been completed and leased out, the income and risks in the future can be accurately quantified and are eligible for valuation using the income approach. As properties of the same type in the area where the valuation target is located are predominantly held for rental income, there are very few market transactions and no relevant transaction evidences are available, therefore the conditions for market approach to valuation are not met.

② Selection of valuation approach for the land use rights of undeveloped land

The valuation approach adopted in this valuation is selected based on the development condition of the local real estate market, the specific characteristics of the valuation target and the specific valuation purpose. The common valuation methods for lands include market comparison approach, income capitalization approach, hypothesis development approach, cost approximation approach and benchmark land premium correction coefficient approach. Based on the on-site survey and analysis by the appraisers, the applicability of the above valuation approaches and the valuation target was confirmed, details are as follows:

A. The use of the market comparison approach requires transaction evidences of the same or similar nature as the valuation target. Since the land market in the region where the valuation target is located is active and there are many transactions of similar land, the conditions for adopting the market comparison approach for conducting the valuation can be satisfied.

B. The income capitalization approach is applicable to land valuation where the income and risks can be accurately quantified in future periods. Given that the development and construction of the valuation target have not been completed, the appraisers are unable to obtain examples of leases of the same or similar land within the same area as the valuation target and it is difficult to accurately quantify the future income and risks. Therefore, the conditions for adopting income capitalization approach for conducting the valuation are not satisfied.

C. The hypothesis development approach is applicable to the valuation of properties with potential for investment development or redevelopment. The value of the land is determined by deducting the development costs, development profit, development interest and related taxes from the value of the properties upon completion of the development. Since the properties of the valuation target upon the completion of development are used for industrial storage, no reasonable value can be applied. Therefore, the hypothesis development approach is not applicable to the valuation of this kind of land.

D. The use of the cost approximation approach requires relevant information on land acquisition cost standards, land development costs and fees in the region where the valuation target is located, etc. As relevant information on land acquisition costs (land acquisition compensation standards) and development costs standards in the region where the appraised land is located are not available, the cost approximation approach cannot be adopted for the valuation.

E. The benchmark land premium correction coefficient approach is to use the results from the local urban land grading and valuation to obtain the land value of the valuation target through on-site survey, investigation, collection of the regional factors and individual factors of the valuation target, and by determining the correction coefficient of each factor according to its pros and cons. The adoption of a benchmark land value appraisal requires access to the benchmark land price and the relevant correction system in the area. Since the benchmark land premium correction system in the region where the valuation target is located cannot be obtained, the conditions for adopting the benchmark land value assessments for conducting the valuation are not satisfied.

In summary of the above analysis, the market comparison approach is adopted for the valuation of the land use rights of undeveloped land.

(2) Introduction to valuation approach

① Income approach

The income approach is an approach of predicting the future earnings of the valuation target and converting the future earnings into the value or price of the valuation target using a rate of return or capitalization, or an income multiplier. As the rental standard selected for the income approach calculation includes land rental, therefore, the appraised value of investment properties includes the value of housing and apportioned land use rights.

As the remaining useful life of the land use rights corresponding to the investment properties is less than the remaining useful life of the buildings, the participation value of the buildings should be considered after the expiry of the land and the income approach formula adopted in this case is as follows:

$$P = \sum_{i=0.29}^{n_1} [a_i \times \frac{1}{(1+r_1)^i}] + \frac{A}{r_2 - g}[1 - \left(\frac{1+g}{1+r_2}\right)^{n_2}] \times \frac{1}{(1+r_1)^{n_1}}$$

i=0.29, 1.08, 2.08...n

of which:

P:	the appraised value of the investment properties;
A:	annual net income from rental of investment properties;
r:	discount rate;
n:	yielding life of the investment properties;
$B_{\text{residual value}}$:	residual value of the buildings after the expiry of the land.

② Market comparison approach

Market comparison approach: when determining the price of the land parcel to be appraised and following the principle of replacement, this approach compares and analyses the land parcel to be appraised with transaction evidences of similar land use rights in recent period and determines the price of the land parcel of the valuation target on the Valuation Reference Date based on the known transaction price with reference to the differences in the transaction conditions, date, regional factors, individual factors and equity factors.

$$P = PB \times A \times B \times C \times D \times E$$

of which:

P	:	comparable price of the valuation target;
PB	:	comparable price of recent land transaction;
A	:	trading condition index of the appraised land/trading condition index of the recent comparable land transaction;
B	:	land price index of the appraised land on the valuation date/land price index of the recent comparable land transaction on the transaction date;
C	:	regional factor condition index of the appraised land/regional factor condition index of the recent comparable land transaction;
D	:	individual factor condition index of the appraised land/individual factor condition index of the recent comparable land transaction;
E	:	equity factor condition index of the appraised land/equity factor condition index of the recent comparable land transaction.

5. Investment properties – Land use rights

(1) Selection of valuation approach for land use rights

The valuation approach adopted in this valuation is selected based on the development condition of the local real estate market, the specific characteristics of the valuation target and the specific valuation purpose, etc. Common valuation methods for lands include market comparison approach, income capitalization approach, hypothesis development approach, cost approximation approach and benchmark land premium correction coefficient approach. Based on the on-site survey and analysis by the appraisers, the applicability of the above valuation approaches to the valuation target is determined, details are as follows:

① The use of the market comparison approach requires the transaction evidences of the same or similar nature as the valuation target. Since the land market in the region where the valuation target is located is active and there are many similar land transactions, the conditions for adopting the market comparison approach for conducting the valuation can be satisfied.

② The income capitalization approach is applicable to land valuation where the income and risks can be accurately quantified in future periods. Given that the development and construction of the valuation target have not been completed, the appraisers are unable to obtain examples of leases of the same or similar land within the same area as the valuation target and it is difficult to accurately quantify the future income and risks. Therefore, the conditions for adopting income capitalization approach for conducting the valuation are not satisfied.

③ The hypothesis development approach is applicable to the valuation of properties with potential for investment development or redevelopment. The land value is determined by deducting the development costs, development profit, development interest and related taxes from the value of the properties upon completion of the development. Since the properties of the valuation target upon the completion of development are used for industrial storage, no reasonable value can be applied. Therefore, the hypothesis development approach is not applicable to the valuation of this kind of land.

④ The use of the cost approximation approach requires relevant information on land acquisition cost standards, land development costs and fees in the region where the valuation target is located, etc. As relevant information on land acquisition costs (land acquisition compensation standards) and development costs standards in the region where the appraised land is located are not available, the cost approximation approach cannot be adopted for the valuation.

⑤ The benchmark land premium correction coefficient approach is to use the results from the local urban land grading and valuation to obtain the land value of the valuation target through on-site survey, investigation, collection of the regional factors and individual factors of the valuation target, and by determining the correction coefficient of each factor according to its pros and cons. The adoption of benchmark land value approach for appraisal requires access to the benchmark land price and the relevant correction system in the area. Since the benchmark land premium correction system in the region where the valuation target is located cannot be obtained, the conditions for adopting the benchmark land value assessment for conducting the valuation are not satisfied.

In summary of the above analysis, the market comparison approach is adopted for the appraisal of the valuation target.

(2) Introduction to market comparison approach

Market comparison approach: when determining the price of the land parcel to be appraised and following the principle of replacement, this approach compares and analyses the land parcel to be appraised with the transactions of similar land use rights in recent period and determines the price of the land parcel of the valuation target on the Valuation Reference Date based on the known transaction prices with reference to the differences in the transaction conditions, date, regional factors, individual factors and equity factors.

P = PB x A x B x C x D x E

of which:	P	:	comparable price of the valuation target;
	PB	:	comparable price of recent land transaction;
	A	:	trading condition index of the appraised land/trading condition index of the recent comparable land transaction;
	B	:	land price index of the appraised land on the valuation date/land price index of the recent comparable land transaction on the transaction date;
	C	:	regional factor condition index of the appraised land/regional factor condition index of the recent comparable land transaction;
	D	:	individual factor condition index of the appraised land/individual factor condition index of the recent comparable land transaction;
	E	:	equity factor condition index of the appraised land/equity factor condition index of the recent comparable land transaction.

6. Fixed assets – equipment

(1) Electronic equipment

According to the purpose of this valuation and the characteristics of the appraised assets, and assuming the asset will continue to be used according to its current usage, the replacement cost approach would be adopted in this valuation on the basis of on-site survey.

Basic formula: Appraised value = Full replacement price × Residual ratio

As at the Valuation Reference Date, the Company was a VAT general taxpayer and the tax-free price was adopted to calculate the purchase costs of equipment in determining the full replacement price.

① Determination of full replacement price

For the electronic equipment of which prevailing market price is available, the full replacement price is directly determined based on its analyzed and selected prevailing market price; for the electronic equipment of which prevailing market price is unavailable, the full replacement price is determined by selecting the market price of the substitutes with similar function and making corresponding adjustments.

If the electronic equipment has a long useful life, the appraised value shall be determined according to the second-hand market price.

② Determination of the residual ratio

For electronic equipment, the useful life method is mainly used to determine the residual ratio. The calculation formula is as follows:

Residual ratio under the useful life method =
(Economic useful life - Used life)/Economic useful life × 100%

If the residual ratio calculated under the observation method and the residual ratio calculated under the useful life method (or the theoretical residual ratio) differs significantly, the relatively reasonable one of the two may be selected based on experience and judgment after analyzing the related reasons. For equipment which can be used normally, its residual ratio in general is not less than 10%.

(2) Vehicles

For vehicles, as there are no new vehicles of the same model available on the market, adoption of the cost approach is not applicable to the valuation of vehicles. As there is an active second-hand market for the same model of vehicle, the market approach is adopted for the valuation of vehicles that are no longer available for sale.

Market approach refers to the valuation method that determines the value of an appraised vehicle by comparing the similarities and differences between the appraised vehicle and similar vehicles recently sold and make adjustment according to the market price of similar vehicles.

The basic concept of this approach is to select one or several vehicles that are the same or similar to the appraised vehicle as reference through market research. The analysis shall firstly be made to the model configuration, age, mileage, condition and transaction price of the reference vehicle, and compare it with the appraised vehicle to find out the difference between the two as well as the price difference, and then determine the adjustment coefficients according to the factors of the reference object and calculate the adjusted price. The final valuation is normally determined by the arithmetic average method after the adjusted price has been analysed and justified.

7. Construction-in-progress – Civil engineering project

After verifying the composition of various costs and confirming their accuracy and reasonableness, the appraised value of the construction in progress shall be determined by consolidating them into investment property according to the construction stage: the appraised value shall be determined according to the verified book value, whereby the verified book value (book cost) shall less actual interest, which is calculated on the basis of an objective and reasonable construction period.

8. Intangible assets – Other intangible assets

The appraisers recognize the composition of the original book value and the truthfulness and reasonableness of the incurred amortization amount through enquiring the related accounting records based on the original accounting value. For customized professional version of software whose market price is not available on the market, the replacement cost is adopted in the valuation to determine the appraised value of such software taking into account the corresponding depreciation rate.

Basic formula: Appraised value = Replacement cost × (1 – Depreciation rate)

9. Long-term prepaid expenses

The long term prepaid expenses are expenses for office renovation, roofing waterproof works and fire protection works as well as the finance handling charges. The appraisers shall examine the relevant contracts and the amortization process. After examination that the amortization of the enterprise is normal, the value of the expenses for office renovations, roofing waterproof works and fire protection works and other maintenance and alterations shall be included in the appraised value of investment properties, and therefore, the appraised value shall be RMB0.00 in the long-term deferred expenses: for finance handling charges, the appraisal value is determined based on the verified book value.

10. Liabilities

Based on the appraisal breakdown provided by the appraised enterprise as the basis of valuation, the appraisers shall verify the actual amount of liabilities to be borne by the appraised entity as at the Valuation Reference Date in accordance with the appraisal procedures and the appraisal value is determined based on the verified book value.

(iii) Income Approach

The income approach for the valuation of an enterprise's value refers to the valuation approach whereby the value of the company under valuation is determined by capitalizing or discounting the projected income of the company under valuation.

This valuation is based on the audited separate statement of the enterprise, and the method of discounted cash flow is used to calculate the enterprise value. Firstly, the corporate discounted cash flow model is used to calculate the discounted value of overall earnings of the company, plus the value of non-operating assets and minus non-operating liabilities to obtain the equity value of the appraised entity. The specific formula is:

$$P = P' + A' - D$$

$$P' = \sum_{i=0.29}^{n} \frac{R_i}{(1+r)^i} + \frac{R_n}{r} \times \frac{1}{(1+r)^n}$$

of which	P	:	the total appraised value of equity interest in the valuation target
	P'	:	the discounted value of entire revenue of the company (on single account basis)
	D	:	non-operational liabilities
	A'	:	non-operational assets
	Ri	:	the expected income generated in income period No. i in the future (FCFF)
	i	:	the income period, i = 0.29, 1.08, 2.08......n
	r	:	the discount rate

VIII. Process and implementation of valuation procedures

(I) Acceptance of Engagement

Understand the general conditions of the appraised assets and specify the valuation purpose, the valuation target and valuation scope, the valuation reference date and other basic matters in valuation after discussions and communications with the client, accept the engagement after the comprehensive analysis on the professional capability, independence and risks of valuation, and enter into the asset valuation engagement contract. Determine the type of the appraised value, formulate the valuation plan and establish the working group on valuation based on specific conditions.

(II) On-site Inspection and Collection of Materials

Guide the appraised entity to conduct asset stocktaking and prepare valuation materials and carry out on-site inspection on the valuation target on such basis to collect required information for asset valuation, understand the asset, business and financial conditions of the valuation target, macro and regional economic factors affecting the operation of the enterprise and the current conditions and prospects of the industry and pay attention to the legal ownership of the valuation target. Verify and validate the materials used in asset valuation in accordance with laws.

(III) Valuation and Estimation

Analyse, summarise and sort out the materials on valuation based on the specific conditions of the asset valuation to form the basis for the valuation and estimation and preparation of the valuation report. Select the valuation methodology based on the valuation purpose, the valuation target, the type of value, the collection of materials and relevant conditions as well as the Standards of Practice for Asset Valuation. Select the corresponding formula and parameters in analysis, calculation and judgment based on the valuation methodology adopted and analyse and judge the valuation assumptions and restrictions which may affect the valuation and the valuation conclusion and arrive at the estimation results. Analyse and compare the estimation results arrived at from different methodologies and form the valuation conclusion.

(IV) Issuance of Report

The responsible persons of the project prepare the preliminary asset valuation report based on the valuation conclusion after valuation and estimation. The firm carries out internal review on the preliminary asset valuation report in accordance with laws, administrative regulations, asset valuation standards and the internal quality control system and issue the formal asset valuation report after making necessary communications on relevant contents of the valuation report with the client and other relevant parties.

IX. Valuation assumptions

Major asset valuation assumptions used in this Valuation Report include:

(I) Basic assumptions

1. Transaction assumption. Under the transaction assumption, it is assumed that all assets to be appraised are in the process of transaction, and the appraisers will make estimation in a simulated market according to the transaction conditions (among others) of assets to be appraised.

2. Open market assumption. The open market assumption represents that assets may be traded freely in a highly competitive market and the price of which is determined based on the judgment of both independent buyer and seller over the value of assets under certain supply and demand conditions. An open market refers to a market which is highly competitive with various buyers and sellers, who are on equal footing and have opportunity and time to access adequate market information, and a market where transactions between willing buyers and sellers are conducted under rational, non-compelled or unrestricted conditions.

(II) Specific assumptions

1. There would be no material change in the relevant existing laws, regulations, policies as well as the macro-economic conditions of the country. The political, economic and social environment of the region in which each party to the transaction is located will not have any material change.

2. It is assumed that the operators of the company are responsible and the management of the company is capable of performing their respective roles.

3. Unless otherwise stated, it is assumed that the company fully complies with all relevant laws and regulations.

4. It is assumed that the accounting policies to be adopted by the company in future will be basically consistent in material aspects with those adopted in the preparation of this report.

5. It is assumed that the business scope and method of operation of the company will be consistent with those in existence on the basis of the existing management model and level.

6. It is assumed that there would be no material change in the interest rate, exchange rate, tax base and tax rate and policy-imposed levies.

7. It is assumed that there would be no material adverse impact on the company imposed by other force majeure and unforeseeable circumstances.

X. Valuation conclusion

1. Valuation results of the asset-based method

At 31 May 2021, the Valuation Reference Date, P.G. Logistics had assets with book value of RMB806,417,400, liabilities with book value of RMB0.00 and net assets with book value of RMB806,417,400; after the valuation, total assets were RMB3,256,898,200, liabilities were RMB0.00 and net assets were RMB3,256,898,200. The appraised value of total assets increased by RMB 2,450,480,800 compared with the book value, representing an appreciation rate of 303.87%; the appraised value of net assets increased by RMB 2,450,480,800 compared with the book value, representing an appreciation rate of 303.87%.

The asset-based approach has been adopted as the valuation method with respect to the equity interests of P.G. Logistics and the assets of P.G. Logistics comprising current assets and non-current assets (long-term equity investments comprising mainly investment properties and pursuant to the asset-based approach, income approach and market approach have been adopted for the valuation of underlying investment properties) with their respective book value and appraisal value are shown below.

Summary of Asset Appraisal Results

Amount Unit: RMB0'000

Items	Book Value A	Appraisal Value B	Increase or Decrease in Value C=B-A	Increase ratio (%) D=C/Ax100%
Current assets[Note]	80,621.61	80,621.61	0.00	0.00%
Non-current assets	20.13	245,068.21	245,048.08	1217327.77%
Of which: long-term equity investments	20.13	245,068.21	245,048.08	1217327.77%
Total assets	80,641.74	325,689.82	245,048.08	303.87%
Total liabilities	0.00	0.00	0.00	0.00%
Net assets (shareholder's equity interests)	80,641.74	325,689.82	245,048.08	303.87%

Note: The current assets comprised of account receivables of P.G. Logistics

2. Appreciation/depreciation of the asset-based method and its reasons

The appraised value of long-term equity investment is RMB 2,450,682,122.10, an increase of RMB 2,450,480,868.82 compared with the book value of RMB 201,253.28. The main reasons for the change of the appraised value compared with the book value are: the book value is the original investment cost of the investment of the appraised unit, and the appraised value is the market value of the investee company as reflected in the normal course of business as at the Valuation Reference Date. Due to appreciation of certain assets and accumulated profits during the operation period, the appraised value of long-term equity investment is higher than the original investment cost.

3. Valuation Conclusion

The valuation concluded that, as at 31 May 2021, the Valuation Reference Date, the appraised value of the entire interest of the shareholders of P.G. Logistics in relation to the proposed transfer of the 4.82% equity interest in P.G. Logistics held by the Company was RMB 3,256,898,200.

The validity period of the valuation conclusion as disclosed in this valuation report is one year, starting from 31 May 2021 (the Valuation Reference Date) to 30 May 2022.

XI. Explanations to special matters

(I) Significant Use of Expert Work and Related Report

The accounting statements corresponding to the assets and liabilities declared by the enterprise have been audited by Dongguan Guanxin Accounting Firm (General Partnership)* (東莞市莞信會計師事務所(普通合夥)), which has issued the audit report of Guanxin Shenzi [2021] No. 2106 on 18 October 2021, and the audit opinion is unqualified. This valuation adopts the audited book value as the appraised book value.

(II) Incomplete or Defective Ownership Information

Nil.

(III) Restrictions on Valuation Procedures

Nil.

(IV) Incomplete Valuation Materials

Nil.

* *for identification purpose only*

(V) Pending Legal and Economic Matters etc. on the Valuation Reference Date

Nil.

(VI) Nature and Amount of Guarantees, Leases and Its Contingent Liabilities (Contingent Assets) etc. and their Relationship with the Valuation Target

1. As at the Valuation Reference Date, the subsidiaries of P.G. Logistics had the following pledges and charges:

No.	Pledgee/ Mortgagee	Pledgor/ Mortgagor	Pledge/ Collateral	Pledge method/ mortgage method	Maximum debt/principal debt amount	Debt validation period/debt performance period	Borrower	The corresponding borrowing amount as at the Valuation Reference Date
1	Bank of China Limited, Guangzhou Baiyun Branch	Guangzhou P.G. Investment Co., Ltd.	Management fee and rent receivables of Beijing Base	Maximum pledge	RMB130,000,000	26 December 2016 to 1 June 2026	Guangzhou P.G. Investment Co., Ltd.	RMB65,000,000.00
2	Bank of China Limited, Guangzhou Baiyun Branch	Guangzhou P.G. Investment Co., Ltd.	Management fee and rent receivables of Beijing Base	Maximum pledge	RMB130,000,000	26 December 2016 to 31 December 2028	Guangzhou P.G. Investment Co., Ltd.	RMB37,000,000.00
3	China Zheshang Bank Co., Ltd., Guangzhou Branch	南京寶供高新物流基地有限公司	Joint mortgage of 7 property units with a total area of 40,894.73 square meters	General Mortgage	RMB200,000,000	18 October 2018 to 18 October 2023	Guangzhou P.G. Investment Co., Ltd.	RMB175,000,000.00
4	China Zheshang Bank Co., Ltd., Guangzhou Branch	南京寶供高新物流基地有限公司	Joint mortgage of 5 property units	Maximum Mortgage	RMB195,000,000	22 June 2020 to 02 June 2021	Guangzhou P.G. Investment Co., Ltd.	RMB9,600,000.00
5	Guangdong Utrust Financial Leasing Co., Ltd.	Shenyang Baogong Storage Limited Company	Industrial land in Huishan Agricultural High-tech Development Zone in Shenyang city	General Mortgage	RMB120,000,000	15 August 2019 to 15 August 2022	Shenyang Baogong Storage Limited Company	RMB85,000,000.00

The impact of the above pledges and mortgages on the valuation results is not considered in this valuation.

2. As of the Valuation Reference Date, the subsidiaries of P.G. Logistics had the following guarantees:

Shenyang Baogong Storage Limited Company agreed to transfer all incomes generated by its properties located at No. 18 Hongye Street, Huishan Economic Development Zone, Shenbei New District, Shenyang City (Shenyang Logistics Base) during the period from 15 August 2019 to 15 August 2022, to provide repayment guarantee for Shenyang Baogong Storage Limited Company and Guangzhou P.G. Investment Co., Ltd. to repay all debts owing to Guangdong Utrust Financial Leasing Co., Ltd.

Shanghai Baogong Investment Limited Company agreed to transfer all incomes generated by its properties (Shanghai logistics base) at No. 8 Dong Huan Road, Jiefang Island, Jiading District, Shanghai, during the period from 15 August 2019 to 15 August 2022 to provide repayment guarantee for

Shenyang Baogong Storage Limited Company and Guangzhou P.G. Investment Co., Ltd. to repay all debts owing to Guangdong Utrust Financial Leasing Co., Ltd.

The impact of the above guarantees on the valuation results is not considered in this valuation.

3. As at the Valuation Reference Date, the following losses were incurred by Guangzhou P.G. Investment Co., Ltd., a subsidiary of P.G. Logistics Property Investment Limited:

   It was verified that 4 vehicles were not physically existing, as shown in the table below:

No.	Vehicle name and specification and model	Unit of Measure	Quantity	Purchase date	Book value	
					Original value	Net value
1	Guangzhou Honda Yudesai HG7232 small vehicle	Unit	1	02.11	310,000.00	15,500.00
2	Southeast Soveran DN6481H small vehicle	Unit	1	05.01	235,818.35	11,790.92
3	Beijing Hyundai BH7140AX small vehicle	Unit	1	10.03	84,800.00	4,240.00
4	small vehicle(Chevrolet Epica 1.8SAT)	Unit	1	15.12	161,626.00	8,081.30

Note: These 4 vehicles were not physically existing or identified as if they were treated as losses, and their values have not been taken into consideration during the valuation process and as such, these 4 vehicles or their losses should not have any substance or impact on the appraisal or the valuation results.

4. According to the "Tongling Road Elevated Bridge Compensation Agreement" provided by Guangzhou P.G. Investment Co., Ltd., due to the construction of the elevated bridge on Tongling North Road in Hefei City, the government requisitioned the land with an area of 2,905 sq.m. held by Guangzhou P.G. Investment Co., Ltd. located in the east of Tongling North Road, Xinzhan District, Hefei City with consideration in 2016, and the remaining land area is 75,283.16 sq.m. However, the area as stated in the land title certificate has not been changed.

5. According to the "Supplemental Agreement III to the Nanjing Jiangning Economic and Technological Development Zone Project" provided by 南京寶供江寧倉儲服務有限公司, the appraised entity has paid the land premium for 291 mu of industrial land. However, as the land title certificate has not been obtained, the land area and the termination date of the land use right are comprehensively determined according to the "Supplemental Agreement III to the Nanjing Jiangning Economic and Technological Development Zone Project" and the "Planning Permit for Construction Land".

(VII) Significant subsequent events

Nil.

(VIII) Deficiencies in the Economic Activity Corresponding to this Asset Valuation that May Have a Material Effect on the Valuation Conclusion

Nil.

(IX) Other matters that need to be explained

1. The companies registered overseas in the scope of the valuation are all overseas shareholding platform companies with no actual business operations and no physical assets. As the valuation was conducted during the global outbreak of COVID-19, the appraisers did not travel abroad and substituted on-site field work through alternative procedures such as voucher sampling. The alternative procedures satisfy the relevant alternative requirements of the "Asset Appraisal Expert Guidance No. 10 – Reasonable Performance of Asset Appraisal Procedures during the COVID-19 Pandemic" (《資產評估專家指引第10號－在新冠肺炎疫情期間合理履行資產評估程序》) and failure to perform the on-site procedures does not materially affect the valuation conclusions and does not affect the formation of the valuation report.

2. The exchange rate adopted for this valuation is the central parity rate of RMB as at 31 May 2021 used by the interbank foreign exchange market as published by the China Foreign Exchange Trade System authorized by the People's Bank of China: USD1 = RMB6.3682 and HKD1 = RMB0.82043.

XII. Date of the valuation report

The date of the valuation report is 20 October 2021.

CHINA DEVELOPMENT BANK INTERNATIONAL INVESTMENT LIMITED
Suites 4506 – 4509
Two International Finance Centre
No. 8 Finance Street
Central, Hong Kong

Yours faithfully,
For and on behalf of
China Tong Cheng Assets Appraisal Co., Ltd*（中通誠資產評估有限公司）
20 October 2021

* *for identification purpose only*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Disclosure of Interests by Directors

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or (ii) to be recorded in the register required to be kept under section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Listing Rules.

(b) Disclosure of Interests by Substantial Shareholders

Save as disclosed below, the Directors or the chief executive of the Company were not aware that there was any party who, as at the Latest Practicable Date, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Capacity	Nature of Interests	Number of issued Shares of the Company held	Long/ short position	Approximate percentage of the existing issued share capital of the Company
CDB (*Note 1*)	Interest of controlled corporation	Corporate interest	1,920,000,000	Long	66.16%
CDBC (*Note 1*)	Interest of controlled corporation	Corporate interest	1,920,000,000	Long	66.16%

Name of Shareholder	Capacity	Nature of Interests	Number of issued Shares of the Company held	Long/ short position	Approximate percentage of the existing issued share capital of the Company
CDBIH (*Note 1*)	Beneficial owner	Corporate interest	1,920,000,000	Long	66.16%
LIU Tong	Interest of controlled corporation	Corporate interest	163,702,560	Long	5.64%
Yoobright Investments Limited ("**Yoobright**") (*Note 2*)	Beneficial owner	Corporate interest	163,702,560	Long	5.64%

Notes:

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

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

3. MATERIAL CONTRACTS

(a) The Company entered into the Equity Transfer Agreement dated 15 July 2022 with Shenzhen Aoyuheng in relation to the Disposal at a consideration of RMB192,800,000;

(b) Pacific Equity Venture Inc. (亞太投資有限公司), a wholly-owned subsidiary of the Group (as vendor) entered into an equity transaction agreement dated 3 December 2020 with Beijing Instrument Industry Technology Co., Ltd. (北京京儀科技股份有限公司) (as purchaser) to dispose of its 25% equity interests in Beijing Far East Instrument Company Limited (北京遠東儀表有限公司) at a consideration of RMB81,321,225; and

(c) The Company and HuaAn Asset Management (Hong Kong) Limited entered into an investment management agreement dated 25 August 2020 for the reappointment of its investment manager of the Company for a period of three years commencing from 1 September 2020 and expiring on 31 August 2023, for a management fee payable by the Company of HK$350,000 per annum.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing service contract with any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors had any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into with any member of the Group subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened or made against any member of the Group.

8. COMPETING INTERESTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors or any proposed Directors or their respective close associates has an interest in a business which competes or may compete (either directly or indirectly) with the business of the Group which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

9. QUALIFICATION AND CONSENT OF EXPERTS

The qualifications of the experts (as defined in the Listing Rules) who has given its opinions or advice in this circular is as follows:

Name	Qualification
China Tong Cheng Assets Appraisal Co., Ltd.*（中通誠資產評估有限公司）	Qualified appraisal firm registered with the China Appraisal Society*（中國資產評估協會） with the registered no. 11020057

* *For identification purpose only*

As at the Latest Practicable Date, the Valuer had given and had not withdrawn its written consent to the issue of this circular, with the inclusion herein of the references to its name and/or its opinion or statements in the form and context in which they respectively appear.

The expert named above does not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group. As at the Latest Practicable Date, the expert named above did not have any direct or indirect interest in any assets which have since 31 December 2021 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

(a) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The head office and principal place of business in Hong Kong is Suites 4506-4509, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong.

(b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(c) The company secretary of the Company is Ms. CHONG Po Chun, a member of the Hong Kong Institute of Certified Public Accountants.

(d) The auditors of the Company are BDO Limited, certified public accountants qualified for practicing in Hong Kong.

(e) This circular has been prepared in both English and Chinese, the English text of which shall prevail over the Chinese text in the event of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours on business days at the office of the Company at Suites 4506-4509, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong and are also displayed on the website of the Stock Exchange at http://www.hkexnews.hk and the Company at http://www.cdb-intl.com from the date of this circular up to and including the date which is 14 days therefrom:

(a) the amended and restated memorandum and articles of association of the Company;

(b) the annual reports of the Group for the three financial years ended 31 December 2019, 2020 and 2021;

(c) the asset valuation report on the valuation on P.G. Logistics prepared by China Tong Cheng Assets Appraisal Co., Ltd.*（中通誠資產評估有限公司）, the summary of which is set out in Appendix II to this circular;

(d) the material contracts referred to in the section headed “Material Contracts” in this appendix;

(e) the written consents from China Tong Cheng Assets Appraisal Co., Ltd.*（中通誠資產評估有限公司）as referred to in this appendix; and

(f) this circular.

* *for identification purpose only*