

**15**  
2007-2022

# 2022

## ANNUAL REPORT

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CHINA INVESTMENT CORPORATION

# CONTENTS

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## 01

### MESSAGE

Message from the Chairman and CEO 5

## 02

### CORPORATE REVIEW

Overview 13  
Corporate Governance 14

## 03

### OVERSEAS INVESTMENT

Investment Principles and Philosophies 33  
Investment Decision-Making 34  
Asset Allocation and Portfolio Construction 35  
Investment Activities 38  
Investment Performance 50  
Risk Management 51

## 04

### DOMESTIC EQUITY MANAGEMENT

Governance and Structure 57  
Performance 58

## 05

### SUSTAINABLE DEVELOPMENT

Green Development 63  
Rural Revitalization 66  
Volunteerism and Charity 70

## 06

### CORPORATE MANAGEMENT

Human Resources 75  
Global Outreach 85

## 07

### 2022 FINANCIALS

Basis of Presentation 89  
Summary of Accounting 89  
Financial Statements 91

# CORPORATE CULTURE AND CORE VALUES

## Mission

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To diversify China's foreign exchange holdings and seek maximum returns for its shareholder within acceptable risk tolerance.

## Vision

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CIC aims to grow into a world-class and respected sovereign wealth fund.

## Core values

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### Responsibility

CIC is committed to fulfilling its mandate with a strong sense of conscientiousness.

### Professionalism

Professionalism and rigorous work ethics are fundamental to CIC's success.

### Synergy

Teamwork, guided by a common purpose and holistic thinking, is central to CIC's sustainable development.

### Aspiration

Aspiring to excellence drives CIC forward and guarantees sustained and greater success.



# 01

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## MESSAGE

As always, CIC will continue to implement the Global Development Initiative, safeguard the interests of the host countries in which we invest, actively engage in sustainable investing, and empower higher-quality and more resilient economic development around the world.



“Practice enriches knowledge, and deeper knowledge leads to better practice.” Standing at this new starting point in our history, we will continue to pursue constant self-improvement in our quest for excellence, deepen our relationships with global partners, and join forces to overcome challenges and reap rewards together. We look forward to this new chapter in our journey towards building CIC into a world-class sovereign wealth fund and to making fresh contributions to global economic advancement.

PENG Chun  
Chairman and CEO

## Message from the Chairman and CEO

**In 2022, CIC marked its fifteenth anniversary.**

Since its founding in 2007, CIC has always stayed true to its identity as a long-term institutional investor that operates on an international, market-oriented, professional, and responsible basis. We have built up a robust investment management system and governance structure befitting a large international institutional investor. And we have withstood challenges of an order seldom witnessed in history, including the international financial crisis and the COVID-19 pandemic.

Today, CIC's overseas investments encompass all major asset classes in international markets and span over 110 countries and regions worldwide. The company has built up a strong team of investment management professionals, grown its “circle of friends” for win-win cooperation, and delivered long-term investment returns in excess of the performance targets set by the Board of Directors.

CIC has made positive contributions to preserving and enhancing the value of China's foreign exchange holdings and to advancing China's economic development. Our overseas investments have also helped promote international investment collaboration and global economic progress. CIC has thus authored a remarkable history in its development as China's sovereign wealth fund.

From 2022 onwards, there has been a significant increase in global geopolitical risks, alongside the ongoing reconfiguration of industrial supply chains, aggressive interest rate hikes by the American and European central banks, and severe volatility in international capital markets, with the MSCI All-Country World Index and Bloomberg Global Aggregate Bond Index seeing drops of over 22% and 13%, respectively, from their high points. Undaunted by these strong headwinds and choppy waters, CIC has maintained its strategic focus and capitalized on its advantages as a long-term institutional investor. We have continued to refine our asset allocation and investment strategy, worked to enhance total portfolio resilience, intensified risk prevention and mitigation in critical areas, and delivered market-beating annual investment returns.

As at December 31, 2022, the annualized cumulative 10-year net return on CIC's overseas investments stood at 6.43% in USD terms, beating the 10-year performance target by 26 basis points, and the annualized cumulative growth since inception of state-owned capital under CIC's management reached 12.67%. All of the primary objectives and targets set out in the *China Investment Corporation Strategic Plan 2018-2022* were successfully accomplished.

**We remained steadfast in our efforts to build CIC into a world-class sovereign wealth fund.** Long-term capital is critical for global economic growth that is sustainable. In 2022, we quickly resumed regular external engagement and exchanges, deepened win-win cooperation with global partners, and continued to provide long-term capital support for global economic development, all while remaining grounded in the principles of international, market-oriented, professional, and responsible investing. We actively developed new modalities for outbound investment, prudently managed our innovative bilateral funds, launched new investment cooperation platforms, drove deeper value creation in the Chinese market, enabled our investee companies to capture market opportunities, and fostered high-quality international investment and industrial collaboration.

**We actively boosted our capacity for independent institutional investment while tackling challenges head-on.** We carried out portfolio rebalancing and strategy refinements in an orderly manner despite

prolonged volatility in international financial markets, adhering to our allocation targets and using our research-driven allocation approach. We adjusted our public market exposures in a timely fashion, progressed our private market investments with an emphasis on both quality and quantity, and achieved our target allocation of 50% in alternative assets. These efforts increased the overall resilience and quality of our overseas investment portfolio.

In addition, we continued to improve our investment management system, harmonized the private market investment decision-making process, expanded our roster of dedicated investment committee members, and equipped them with a dedicated support team. These initiatives added to the rigor and professionalism of CIC's investment management activities.

**We resolutely blazed a path of financial development with Chinese characteristics as we boldly pursued our mandate.** Central Huijin remained committed to its role as an “active shareholder”, but with fresh goals on this new chapter of our journey. Central Huijin encouraged the financial institutions in its portfolio to improve their products and services and to support steady economic growth. It actively updated and refined the “Huijin Model”, championed the best use of state-owned financial capital, participated in the market-based resolution of distressed financial institutions, and contributed to financial market stability and health. Central Huijin also conducted in-depth study on major topics related to the development of the state-owned financial capital management system, taking into account new trends and new requirements. The company further strengthened the accountability of dispatched directors in their autonomous discharge of responsibilities, as it continued to build institutional capacity for the performance of duties.

**We continued to fortify our comprehensive risk management system, while resolutely guarding against material risks.** In response to an increasingly volatile international environment, we optimized the Risk Management Committee's configuration, revised fundamental policies for comprehensive risk management, expanded coverage to more risk categories, and strengthened our risk anticipation, response, and resolution capabilities across the board.

In our outbound investment business, we ensured strict legal compliance, stepped up management of non-conventional risks including geopolitical and climate change-related risks, and emphasized sound liquidity management so as to ensure that total portfolio risk remained within the tolerance set by the Board of Directors. In our fiduciary management of state-owned financial capital, we implemented a robust risk monitoring system for the financial enterprises in Central Huijin's portfolio, carried out multi-dimensional risk profiling across the portfolio, and made solid progress on reducing existing risk, capping incremental risk, and preventing risk migration.

**We pursued disciplined innovation while steadfastly implementing the “decarbonization” and sustainable development agendas.** Making growth more inclusive, accessible, and resilient is critical to global sustainable development. Embracing responsible investing principles, we developed *Guidelines for Attaining Carbon Peak and Carbon Neutrality Goals and Practicing Sustainable Investing* and actively engaged in thematic investments relating to climate change and energy transition. We launched an *Action Plan for Operational Carbon Neutrality*, setting out a clear timetable and roadmap towards energy savings and emissions reduction targets.

In the four counties receiving CIC's targeted development support, we continued the transition from successful poverty reduction to rural revitalization with innovative strategies that leverage green resources. These programs continue to raise living standards and support local industries, as an important part of our commitment to corporate social responsibility.

Looking to the future, we firmly believe that development and cooperation are the keys to overcoming global challenges. As always, CIC will continue to implement the Global Development Initiative, uphold the principles of mutual benefit and win-win cooperation, and use capital investment to advance international industrial cooperation and improve global connectivity. We will safeguard the interests of the host countries in which we invest, as we co-create and share value with them. We will actively engage in sustainable investing, encourage our investee companies to fulfill their social responsibilities, and empower higher-quality and more resilient economic development around the world.

Economic globalization is an unstoppable trend. We call on all countries to join hands, stand up for multilateralism, create a more open and orderly international investment environment, and facilitate the frictionless flow of capital, resources, and inputs around the globe. We will respect the interests and concerns of all stakeholders. Together, we can create investment opportunities through opening up, address common challenges through practical cooperation, share the dividends of development as we advance together, and promote the stable and sustainable growth of the world economy.

**“Practice enriches knowledge, and deeper knowledge leads to better practice.”** For the past 15 years, we at CIC have been on a persistent quest to overcome challenges and advance on our mission. In 2023, we initiated a new five-year strategic plan. In the first half of the year, amid the turbulent tides in the international environment, CIC remained anchored in its strategic objectives, balanced growth with security, and achieved strong results and a promising start to this new chapter.

Recently, there have been changes in the membership of CIC's Board of Directors. We express our heartfelt thanks to the outgoing directors for their guidance and support as the company improved its corporate governance and investment management systems, and navigated risks and challenges in international markets. At the same time, we warmly welcome the newly appointed directors.

Standing at this new starting point in our history, we will implement the new development concept completely, accurately, and comprehensively; actively contribute to the new development paradigm; and resolutely focus on high-quality development as our primary goal. We will continue to pursue constant self-improvement in our quest for excellence, deepen our relationships with global partners, and join forces to overcome challenges and reap rewards together.

We look forward to this new chapter in our journey towards building CIC into a world-class sovereign wealth fund and to making fresh contributions to global economic advancement.



# 02

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## CORPORATE REVIEW

CIC was established as a vehicle to diversify China's foreign exchange holdings and seek maximum returns for its shareholder within acceptable risk tolerance.

# Overview

Headquartered in Beijing, China Investment Corporation (CIC) was incorporated in September 2007 under the Company Law of China with a registered capital of USD 200 billion, raised through government bond issuance of CNY 1.55 trillion. As at the end of 2022, CIC's total assets had exceeded USD 1.24 trillion.

CIC was established as a vehicle to diversify China's foreign exchange holdings and seek maximum returns for its shareholder within acceptable risk tolerance. CIC is mandated to make overseas investments and equity investments in financial institutions in China through its three subsidiaries, CIC International Co., Ltd. (CIC International), CIC Capital Corporation (CIC Capital), and Central Huijin Investment Ltd. (Central Huijin).

CIC's overseas investment activities, undertaken by CIC International and CIC Capital, include public equity and bond investments; hedge fund and multi-asset investments; industry-wide private equity and private credit investments; direct investments and fund investments in sectors such as real estate, infrastructure, resources and energy, and agriculture; and the management of bilateral and multilateral funds.

Central Huijin undertakes equity investments in state-owned financial institutions in China. Without interfering in the day-to-day operations of its portfolio companies, Central Huijin exercises its rights and performs its obligations as a shareholder to the extent of its capital contribution.

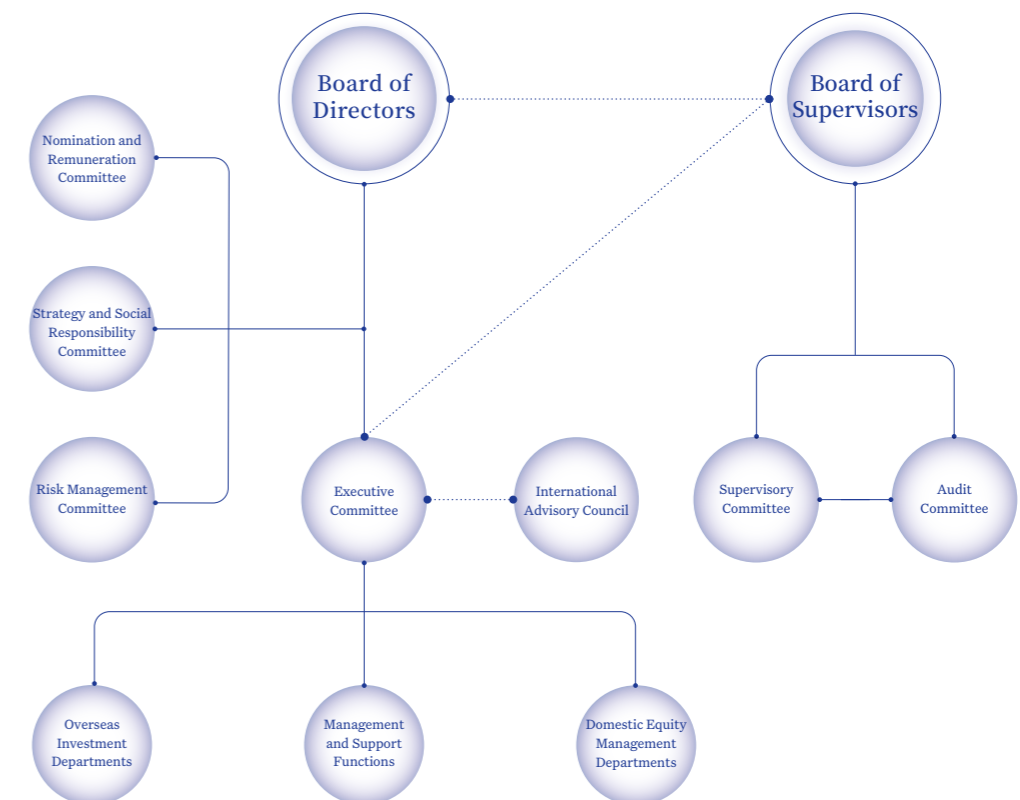
Strict firewalls separate the overseas investment activities of CIC International and CIC Capital and the domestic equity management operations of Central Huijin.

# Corporate Governance

Pursuant to the Company Law of China and CIC's Articles of Association, CIC has in place a Board of Directors, a Board of Supervisors and an Executive Committee, with well-defined responsibilities and effective checks and balances.

In 2022, CIC refined the operation mechanisms of its Board of Directors and Board of Supervisors and gave more play to their sub-committees for greater efficiency in corporate governance. In line with the development of our business, the company made further improvements to its investment management structure. In particular, investment decision-making and post-investment management mechanisms were enhanced and the comprehensive risk management system was strengthened as part of our continuous bid to build CIC's institutional investment capabilities.

## Organizational Chart



## Board of Directors

The Board of Directors discharges its responsibilities as specified by China's Company Law and CIC's Articles of Association, including:

- Reviewing and authorizing the company's development strategies, operational guidelines, and investment plans;
- Defining major matters to be reported to shareholders;
- Formulating the annual budget and final accounts;
- Appointing and removing senior executives; and
- Deciding on or authorizing the establishment of internal management bodies.

The Board of Directors comprises Executive Directors, Non-Executive Directors, Independent Directors, and an Employee Director.

Throughout 2022, the Board of Directors strengthened its direction and oversight over key facets of the company's management and operations amidst a complex and challenging international economic environment. It obtained timely updates on investment trends, operations, and risk management and carefully reviewed major items including business plans, financial budgets and final accounts, and performance assessments.

The Board of Directors also created a comprehensive strategic plan spanning the years 2023-2025 that articulates clearly defined goals, guiding principles, and key actions for the company's future growth and development.

The board's sub-committees concentrated within the scope of their respective mandates on major issues relevant to CIC's long-term success and presented suggestions and recommendations to the Board of Directors to help better position the company for the next phase of high-quality development.

## Members of the Board of Directors



### PENG Chun

Chairman and CEO

Mr. PENG Chun is Chairman and Chief Executive Officer of CIC. Immediately prior to this, he served as Chairman and Executive Director of the Bank of Communications. Previously, he was Vice Chairman, Executive Director, and President of the Bank of Communications. Before that, he worked as Executive Vice President of CIC, and Executive Director and President of Central Huijin. He previously held several positions with the Bank of Communications, including as Executive Director and Executive Vice President; Executive Vice President; Director and Assistant to the President; and General Manager of the Urumqi Branch, Nanning Branch, and Guangzhou Branch.

Mr. PENG, born in 1962, holds a master's degree in economics from the School of Finance of People's Bank of China and a professional qualification as Senior Accountant.



### JU Weimin

Vice Chairman, President, and Chief Investment Officer

Mr. JU Weimin is Vice Chairman, President, and Chief Investment Officer of CIC. Previously, he served as Executive Vice President of CIC and President of CIC Capital. Prior to joining CIC, he was Executive Director and Executive Vice President of CITIC. He also held other positions at CITIC, including Chief Financial Officer, Director General of the Finance Department, and Chairman of CITIC Resources Holdings Limited and CITIC Trust Co., Ltd., as well as board member of China CITIC Bank Corporation Ltd. and CITIC Securities. Mr. JU is also a former Chairman of the China Trustee Association.

Mr. JU, born in 1963, holds a master's degree in economics from Renmin University of China.



## SHEN Rujun

Executive Director and Executive Vice President

Mr. SHEN Rujun is Executive Director and Executive Vice President of CIC. Prior to this, he served as Executive Director and Executive Vice President of the Bank of Communications. Previously, he held several positions with the Industrial and Commercial Bank of China (ICBC), including President of Shandong Branch, General Manager of the Finance and Accounting Department, Vice President of Beijing Branch, and Deputy General Manager of the Planning and Finance Department.

Mr. SHEN, born in 1964, holds a Ph.D. in management from the Technology and Economics School of Hohai University and a professional qualification as Senior Accountant.



## CONG Liang

Non-Executive Director

Mr. CONG Liang, Non-Executive Director of CIC, is Vice Chairman of the National Development and Reform Commission (NDRC). Previously, he held various positions, including Commissioner of the National Food and Strategic Reserves Administration; Vice Chairman, Spokesperson, and Secretary-General of the NDRC; and Deputy Director General and then Director General of the Department of National Economy at the NDRC.

Mr. CONG, born in 1971, holds a Ph.D. in economics from the Chinese Academy of Social Sciences.



## XU Hongcai

Non-Executive Director

Mr. XU Hongcai, Non-Executive Director of CIC, is Deputy Director General of the Financial and Economic Affairs Committee of the National People's Congress, and Director General of the Budgetary Affairs Commission of the National People's Congress. He has served as Non-Executive Director of CIC since he was Vice Minister of Finance. Previously, he served as Vice Minister of Finance, Assistant Minister of Finance, Deputy Director General and then Director General of the Budget Department at the Ministry of Finance.

Mr. XU, born in 1963, holds a bachelor's degree in economics from Jiangxi University of Finance and Economics.



## LI Fei

Non-Executive Director

Mr. LI Fei, Non-Executive Director of CIC, is Vice Minister of Commerce. Previously, he held several positions at the Ministry of Commerce including Assistant Minister of Commerce, Spokesperson, Director General of the Information Office, Director General of the General Office and Secretary General of the Secretariat of the International Trade Representative, Director General of the Department of Foreign Affairs, and Deputy Director General of the Department of American and Oceanian Affairs.

Mr. LI, born in 1968, holds a bachelor's degree in economics from the University of International Business and Economics.



## XUAN Changneng

Non-Executive Director

Mr. XUAN Changneng, Non-Executive Director of CIC, is Deputy Governor of the People's Bank of China (PBOC). Previously, he served as Deputy Administrator of the State Administration of Foreign Exchange, and Assistant to the Chairman of the China Securities Regulatory Commission. Prior to that, he held several positions at the PBOC, including Director-General of the Financial Stability Bureau and Head of the Research Institute (Director-General level).

Mr. XUAN, born in 1967, holds a Ph.D. in finance from the University of Texas at Austin.



## LU Lei

Non-Executive Director

Mr. LU Lei, Non-Executive Director of CIC, is Deputy Administrator of the State Administration of Foreign Exchange. Previously, he held several positions at the People's Bank of China including Director General of the Financial Stability Bureau and Director General of the Research Bureau. Prior to that, he served as Vice President and President of Guangdong University of Finance.

Mr. LU, born in 1970, holds a Ph.D. in economics from the School of Finance of People's Bank of China.



## LI Jiange

Independent Director

Mr. LI Jiange, Independent Director of CIC, is the Chairman of the Board of Trustees of Sun Yefang Foundation. He previously served as Vice Chairman of Central Huijin, Chairman of ShenYin & WanGuo Securities Co., Ltd., Chairman of China International Capital Corporation Limited (CICC), Vice Minister of the Development Research Center (DRC) of the State Council, Vice Minister of the State Council Office for Restructuring the Economic System, Vice Chairman and then Executive Vice Chairman of the China Securities Regulatory Commission, and Chief of Staff of the Securities Commission of the State Council. Prior to that, he had served as Deputy Director General and then Director General of the Department of Policy and Regulation of the State Economic and Trade Commission, and as Deputy Director General of the Policy Research Office of the State Planning Commission.

Mr. LI, born in 1949, holds a master's degree in economics from the Chinese Academy of Social Sciences.



## BAI Chong'en

Independent Director

Professor BAI, Independent Director of CIC, is Mansfield Freeman Chair Professor and Dean of the School of Economics and Management of Tsinghua University. He is also the Director of both the National Institute for Fiscal Studies of Tsinghua University and the Institute for State-Owned Enterprises of Tsinghua University. He previously served as a member of the monetary policy committee of the People's Bank of China. Prior to that, he served as Adjunct Vice-President of Beijing State-Owned Assets Management Co., Ltd. and as a non-resident Senior Fellow of the Brookings Institution.

Professor BAI, born in 1963, holds a Ph.D. in economics from Harvard University.



## ZHANG Geping

Employee Director

Mr. ZHANG Geping, an Employee Director, is Head of the Human Resources Department of CIC. Immediately prior to this, he held several positions at CIC, including Secretary of the Board of Directors, Deputy Head and then Head of the Administrative Office/Office of the Board of Directors/Office of the Board of Supervisors, and Head of the General Affairs Department. In his earlier career, Mr. ZHANG served as Secretary of the Discipline Inspection Commission at China Jianyin Investment Limited.

Mr. ZHANG, born in 1967, holds a Ph.D. in economics from Renmin University of China.

## Former members

(leaving office in the period July 2022 to August 2023)

LIN Nianxiu (Non-Executive Director from August 2022 to August 2023)

REN Hongbin (Non-Executive Director from June 2019 to August 2023)

LIU Guiping (Non-Executive Director from March 2021 to August 2023)

### Box 1 Implementation of CIC's Strategic Plan 2018-2022 and Overview of Strategic Plan 2023-2025 and Outline of Visionary Goals 2030

In 2022, the *China Investment Corporation Strategic Plan 2018-2022* drew to a successful conclusion. Over these past five years, we encountered the “perils of navigating through shoals, hardships of an uphill journey, and trials of breaking through barriers”, yet the company persevered head-on in the face of daunting challenges and achieved one breakthrough after another. All major objectives and tasks set forth in the five-year strategic plan were accomplished successfully.

- The company weathered significant risks and challenges in the overseas investment environment, including a once-in-a-century pandemic, geopolitical tensions, and sharp market downturns. Its various businesses operated robustly and gained rich experience in optimizing the global allocation of China's foreign exchange holdings.
- The company actively built its “three platforms” of equity management, investment operations, and risk resolution and market stability, and piloted many valuable new initiatives to improve the management of state-owned financial capital.
- The company significantly enhanced its risk governance framework and comprehensively reinforced its “wall-to-wall and floor-to-ceiling” risk management system, which has safeguarded the company against material risks in a complex and volatile environment.

In February 2023, the *China Investment Corporation Strategic Plan 2023-2025 and Visionary Goals 2030* were officially launched. These will position the company yet closer to its aspiration of becoming a world-class sovereign wealth fund and central-level fiduciary management platform for state-owned financial capital. To achieve these strategic and visionary goals, CIC will stay true to its identity as a long-term institutional investor and fiduciary manager of state-owned financial capital and will adhere to an international, market-oriented, and professional investment approach. It will continually expand its partnerships and optimize its management system for overseas investment; further innovate its model of fiduciary management of state-owned financial capital; strive to maximize long-term returns across cycles; achieve value preservation and growth of state-owned financial capital; continuously enhance its whole-process, full-coverage, and look-through risk management; and firmly guard against material risks.



## Board of Supervisors

Pursuant to the Company Law, CIC's Articles of Association, and other relevant regulations, the Board of Supervisors is responsible for monitoring the business practices and professional ethics of CIC's directors and executives. It is also responsible for conducting internal audits and monitoring the company's finance to improve the quality of the company's financial information and financial management. The Supervisory Committee and the Audit Committee report to the Board of Supervisors.

In 2022, the Board of Supervisors further enhanced its systems and processes and diligently discharged its supervisory responsibilities over the performance of duties, financial management, risk management, and internal controls. It exercised oversight over major decisions by observing meetings of the Board of Directors and the Executive Committee, hearing work reports, and conducting field visits, among other means. It oversaw the effective implementation of the company's audit activities, and stepped up its guidance to the boards of supervisors of Central Huijin's portfolio companies. These initiatives further bolstered the quality and effectiveness of supervision.

## Members of the Board of Supervisors



### QIN Boyong

Supervisor

Ms. QIN Boyong, Supervisor of CIC, is Vice-Chairperson of the 14<sup>th</sup> CPPCC National Committee and Executive Vice-Chairperson of the CNDCA Central Committee. Immediately prior to this, she was Deputy Auditor General of the National Audit Office of China. Previously, she served as Deputy Governor of Hebei Province, and Director General of the Legislative Affairs Office and Deputy Director General of the Department of Supervision of Hebei Province. Ms. QIN Boyong has served as Supervisor of CIC since she was Deputy Auditor General of the National Audit Office of China.

Ms. QIN, born in 1964, holds a master's degree in law from Peking University.



### XIAO Yuanqi

Supervisor

Mr. XIAO Yuanqi, Supervisor of CIC, is Deputy Administrator of the National Administration of Financial Regulation. Previously, he held several positions at the China Banking and Insurance Regulatory Commission (CBIRC), including Vice Chairman, Chief Risk Officer and Spokesperson, and Head of the General Office. Prior to that, he held several positions at the China Banking Regulatory Commission (CBRC), including as Director General of the Prudential Regulation Bureau, Director General of Banking Supervision Department I, Director General of Banking Supervision Department II, and Head of CBRC's Chongqing Office.

Mr. XIAO, born in 1966, is a Research Fellow and holds an MBA from Cranfield University in the UK as well as a master's degree in economics from the Post-graduate School of the People's Bank of China.



### YAN Qingmin

Supervisor

Mr. YAN Qingmin is Supervisor of CIC. Previously, he served as Vice Chairman of the China Securities Regulatory Commission, Vice Mayor of Tianjin Municipality, and Assistant Chairman and then Vice Chairman of the China Banking Regulatory Commission (CBRC) while concurrently serving as the Director General of the General Office and Director General of CBRC's Beijing Bureau. Previously, he held other positions at CBRC including Director General of the Shanghai Bureau, Director General of the Human Resources Department, Director General and Deputy Director General of Bank Supervision Department I (Director General level), and positions at the People's Bank of China including as Head of the Supervision Team of the Agricultural Bank of China (Director General level) and Deputy Director of Banking Supervision Department I. He has served as Supervisor of CIC since he was Vice Chairman of the China Securities Regulatory Commission.

Mr. YAN, born in 1961, holds a Ph.D. in economics from Renmin University of China and a Ph.D. in management from Chongqing University.



## CUI Guangqing

Employee Supervisor

Mr. CUI Guangqing, an Employee Supervisor, is Head of the Investment Operations Department of CIC. Immediately prior to this, he served as Head of the Supervisory Board Office/Internal Audit Department. Before joining CIC, he served at the National Audit Office, where he held various positions including as Director General of the Information and Postal Audit Office and Deputy Director General of the Department of Monetary Audit.

Mr. CUI, born in 1964, holds a Ph.D. in economics from Xi'an Jiaotong University and a professional qualification as Senior Auditor .

## Former Members

(leaving office in the period July 2022 to August 2023)

**HU Hao** (Chairman of the Board of Supervisors from February 2020 to August 2022)

## Leadership Team and Executive Committee

Pursuant to its mandate from the Board of Directors, the Executive Committee is responsible for implementing Board resolutions, and for studying and taking decisions on major operational matters including the establishment and improvement of basic policies, systems, and working mechanisms, as well as performance evaluation, remuneration and incentive programs.

Throughout 2022, the Executive Committee faithfully carried out the decisions of the Board of Directors and successfully balanced the company's response to the pandemic and its business operations. Anchored by the company's positioning as a long-term institutional investor, the Executive Committee ensured an even-keeled response to extraordinary market volatility. Under the Executive Committee's leadership, all objectives and tasks set out in the *China Investment Corporation Strategic Plan 2018-2022* and in the operational plan for 2022 were successfully accomplished. In particular, the Executive Committee advanced the reform of investment management policies and systems, built CIC's institutional investment capabilities, actively pursued innovative approaches to and deeper partnerships in overseas investments, and made further reforms in the company's internal management and talent schemes.

CIC has a team of resident inspectors from the Central Commission for Discipline Inspection and the National Supervisory Commission to further augment the company's internal supervision framework and support the ongoing modernization of CIC's corporate governance system and capabilities.



# Leadership Team and Executive Committee

**PENG Chun** Chairman and CEO

**JU Weimin** Vice Chairman, President, and Chief Investment Officer

**SHEN Rujun** Executive Director and Executive Vice President

**GUO Xiangjun** Executive Vice President and Deputy Chief Investment Officer

**QI Bin** Executive Vice President and Deputy Chief Investment Officer

**PAN Yuehan** Chief Inspector

**ZHAO Haiying** Executive Vice President and Chief Strategy Officer

**LIU Haoling** Executive Vice President and Chief Risk Officer

**BAO Jianmin** Member of the Executive Committee

**LIU Yanbin** Member of the Executive Committee

**XU Zhibin** Member of the Executive Committee



LIU Yanbin

LIU Haoling

PAN Yuehan

GUO Xiangjun

JU Weimin

PENG Chun

SHEN Rujun

QI Bin

ZHAO Haiying

BAO Jianmin

XU Zhibin

Note: Mr. LIU Yanbin served as Member of the Executive Committee from August 2021 to August 2023.

# International Advisory Council

The International Advisory Council (IAC) was established in July 2009 as an internal advisory body with a mandate to advise CIC on its development strategy and investment business. The council also equips our executives and staff with insights on geopolitical and macro-economic issues, international financial market conditions, and global investment trends. The IAC currently comprises 12 members.

## 15 Gathering Wisdom and Advancing Together – A Recap of the IAC's Journey

With the deepening of economic globalization, China's development has become more closely intertwined with that of the world. As China's sovereign wealth fund, CIC attaches great importance to positive international engagement. The IAC has been a key part of our efforts to connect with the international community and to benefit from global wisdom.

Over the past 15 years since the founding of CIC, a total of 28 internationally renowned experts and luminaries have served as IAC members. They have hailed from Asia, Africa, the Americas, Europe, and Oceania, and brought diverse backgrounds from across government, business, and academia. Fourteen editions of the IAC Annual Meeting have been held to date. The company has also arranged for council members to pay visits to Beijing, Shanghai, Guizhou, Gansu, and Guangdong, and invited them to attend important financial forums co-organized by CIC where they could share their views with CIC and present CIC to a global audience.

The council currently operates a range of multi-level, multi-dimensional working mechanisms that are steered by the IAC Annual Meeting and underpinned by quarterly newsletters, exchanges, and mutual visits. Drawing on their respective expertise and resources, IAC members have actively shared their insights into international developments and major events, introduced best practices of international peers, alerted the company to risks and opportunities in different regions and sectors, and contributed recommendations on the company's development.

CIC values its strong partnership with IAC members. Faced with an ever-changing international landscape, we count on the continued support of IAC members as we seek to contribute to the stable recovery and sustainable development of the world economy and move forward together towards a more open, inclusive, and greener future.

The IAC Annual Meeting 2022, which took place in a hybrid format, was held under the theme of “Consistency Amid Changes”. IAC members shared their observations on three topics: “Obstacles and Solutions on the Path to Global Economic Recovery”, “Challenges and Opportunities in the Green Transition”, and “Consistency and Progress in Building Institutional Investment Capacity”. Their insights informed CIC's endeavors to meet challenges, seize opportunities, navigate future trends, and drive growth in a complex and volatile market environment.



IAC Annual Meeting 2022

“Stronger headwinds to the global recovery make it all the more necessary for all stakeholders to stay the course of multilateralism, combine their efforts, and jointly shape the path of development.”

“The international community needs closer cooperation to address global issues, and China's higher-level opening up is providing an important impetus for the betterment of the global political and economic landscape.”

— Remarks by council members at the IAC Annual Meeting 2022

# 03

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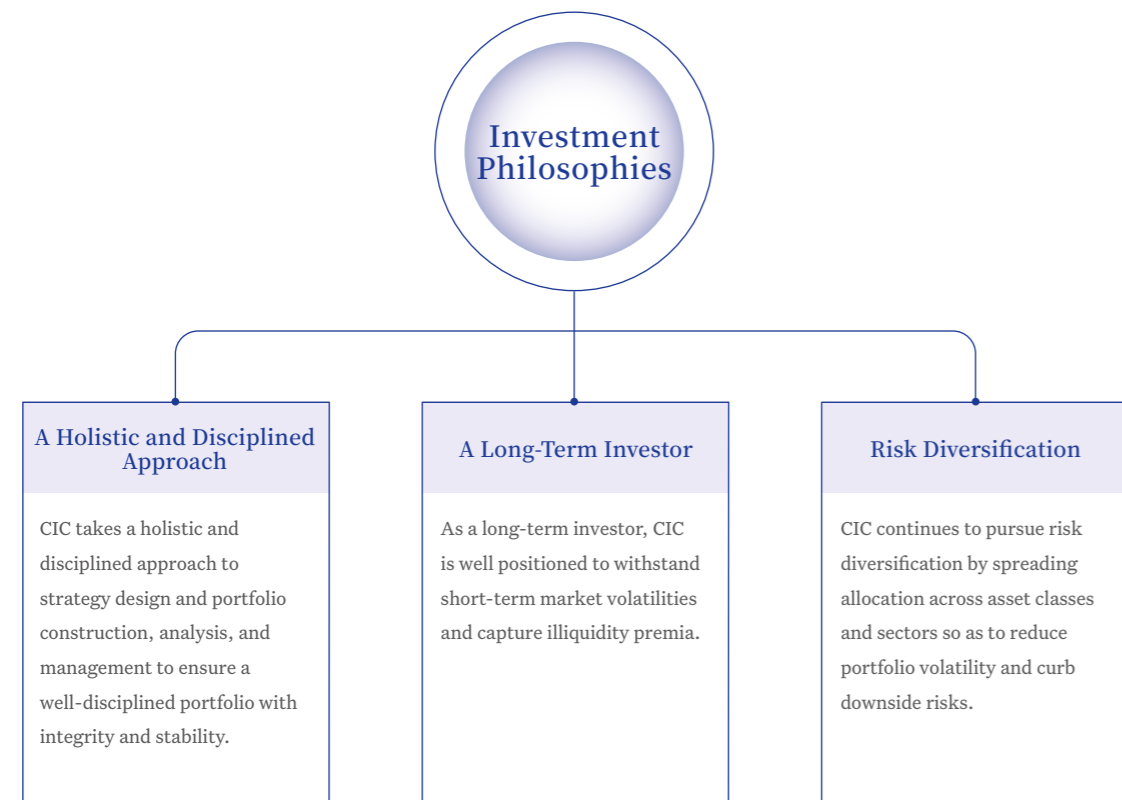
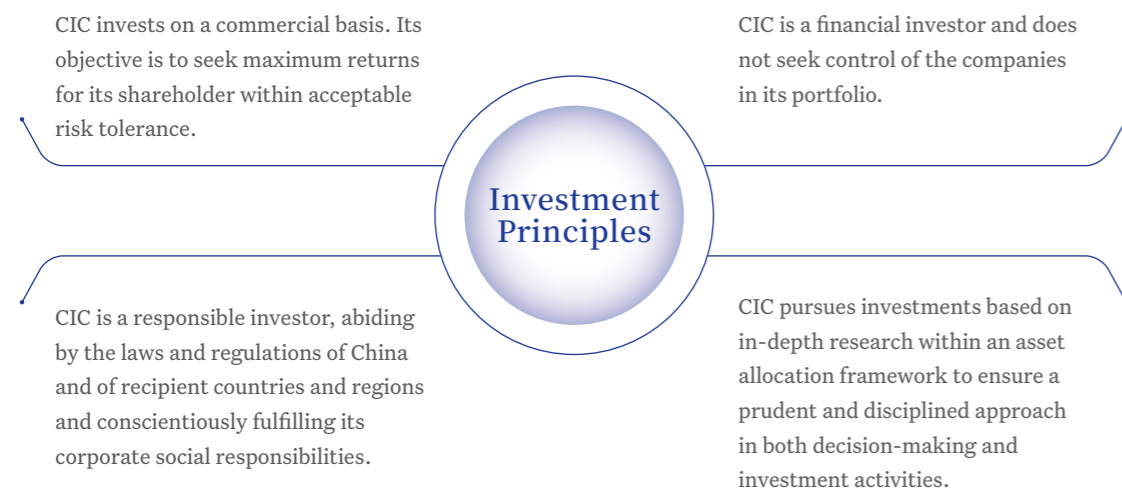
## OVERSEAS INVESTMENT

CIC follows the investment philosophies of holistic thinking, long horizon, and risk diversification based on its own characteristics and understanding of investment management.



# Investment Principles and Philosophies

CIC is committed to its role as a prudent, professional, and responsible investor operating globally with a good reputation.



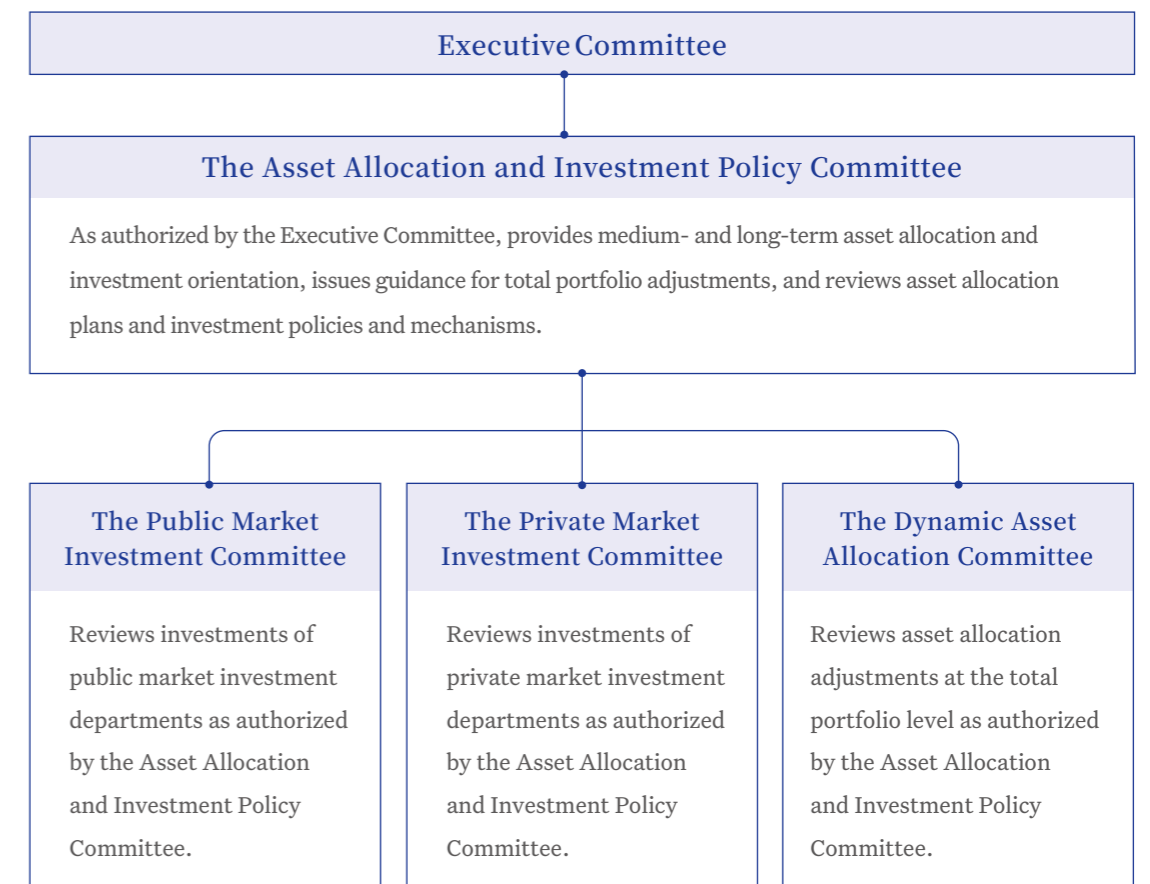
# Investment Decision-Making

CIC seeks to continuously optimize its management tools and decision-making standards and processes. We have developed a sound, disciplined, and efficient investment decision-making framework that gives due consideration to quality, efficiency, and compliance. This decision-making framework underpins our ability to make well-structured, professional, and effective overseas investments.

In 2022, CIC amended its Investment Decision Approval and Authorization Policy and made further enhancements to its differentiated and tiered investment decision-making system. These changes enable investment decisions to be made with greater efficiency and responsiveness, while adhering to a rigorous and disciplined process.

To further improve the efficiency and quality of investment decisions, the company expanded its team of dedicated investment committee members and has continued to fine-tune relevant working procedures. Dedicated members participate throughout the entire investment decision process, leveraging their strengths as independent and dedicated professionals with a holistic view and evaluation expertise.

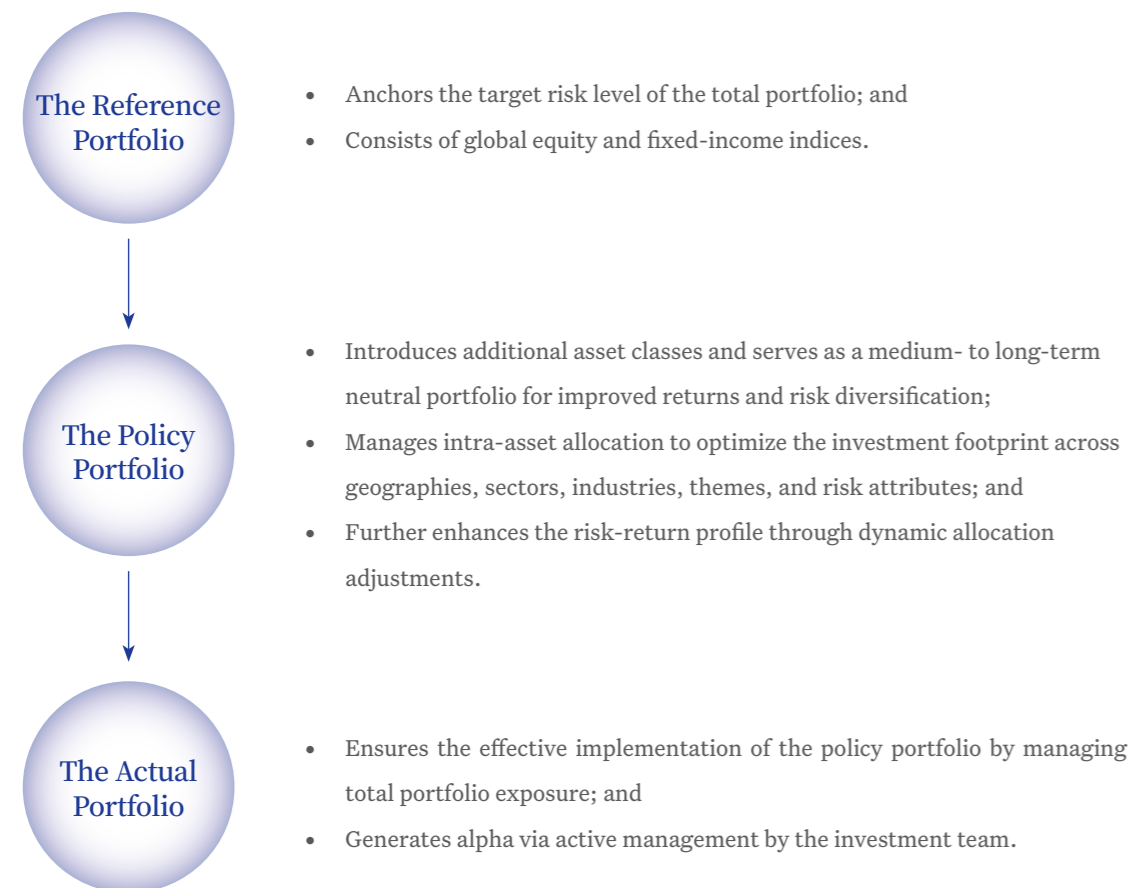
## Investment Decision-Making Chart



# Asset Allocation and Portfolio Construction

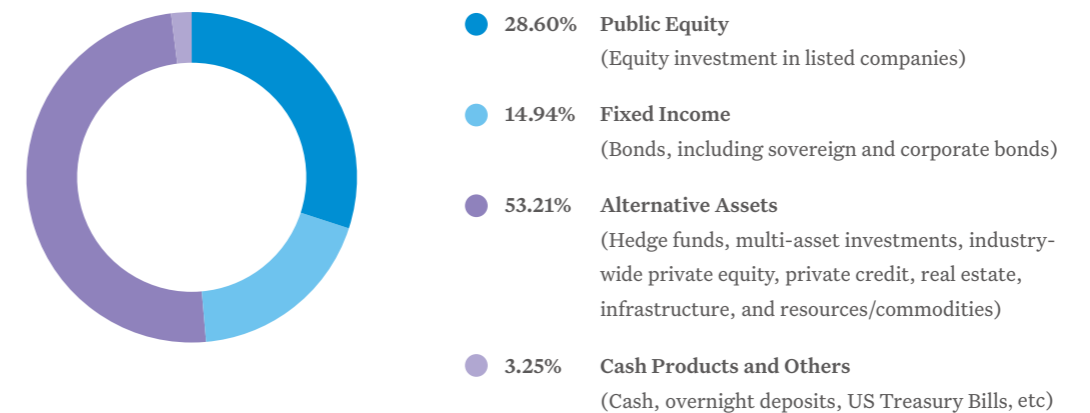
Following a “one CIC, one portfolio” philosophy, the company has evolved a total portfolio allocation management framework that is adapted to the institution's needs, ensures clear lines of authority and accountability, and prioritizes quality and resilience. This framework begins with awareness of the big picture, long-term objectives, and mega trends; reflects CIC's own characteristics and investment philosophies; integrates academic and industry research and application; and draws on best practices of top-tier international institutional investors.

The company has adopted a portfolio construction framework that consists of a reference portfolio, a policy portfolio, and the actual portfolio. Under this framework, total portfolio returns are determined by reference portfolio selection, policy portfolio construction, and actual portfolio management.



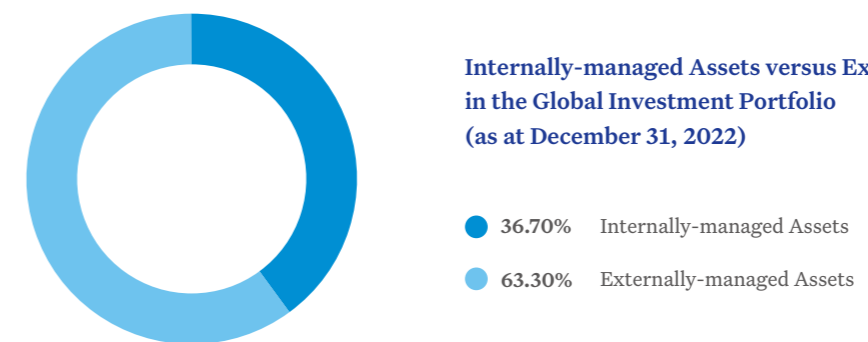
CIC has built a balanced, robust investment portfolio across different asset classes including public equities, fixed income, alternative assets, and cash products and others. In 2022, alternative assets as a share of CIC's total overseas investment portfolio reached 50%, meeting our 2018-2022 strategic target. Our alternative asset investments have yielded favorable results in terms of capturing illiquidity premia, stabilizing portfolio returns, and hedging against inflation, thus helping to buffer the company's total portfolio against market volatility.

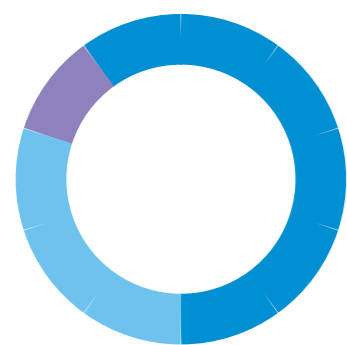
**Global Investment Portfolio Distribution \***  
(as at December 31, 2022)



\*Excluding financing

**Internally-managed Assets versus Externally-managed Assets in the Global Investment Portfolio**  
(as at December 31, 2022)





**Distribution of the Global Investment Portfolio: Public Equity**  
(as at December 31, 2022)

**By Geography**

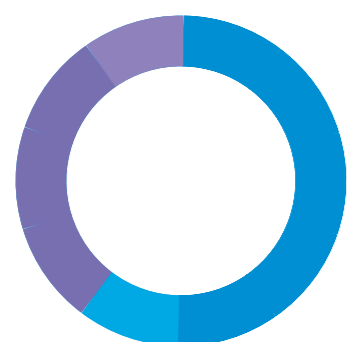
- 59.18% US
- 26.81% Non-US developed markets
- 14.01% Emerging markets and others



**Distribution of the Global Investment Portfolio: Public Equity**  
(as at December 31, 2022)

**By Industry**

- 19.55% Information technology
- 15.54% Financials
- 14.48% Healthcare
- 11.18% Consumer discretionary
- 10.00% Industrials
- 7.13% Telecommunication services
- 6.38% Consumer staples
- 4.88% Energy
- 4.51% Raw materials
- 2.43% Utilities
- 2.01% Real estate
- 1.91% Others



**Distribution of the Global Investment Portfolio: Fixed Income**  
(as at December 31, 2022)

- 52.75% Sovereign bonds of advanced economies
- 9.70% Sovereign bonds of emerging economies
- 26.12% Corporate bonds
- 11.42% Structured products and others

# Investment Activities

A major paradigm shift took place in 2022. The macro environment for outbound investment changed materially as the 'trilemma' of high interest rates, high inflation, and high volatility set in, ending a two-decade era of rapid growth and low inflation. Risk events became more frequent and more intense. As growth slowed and inflation remained elevated, the swing of the macro pendulum accelerated. With inflation levels in the U.S. and Europe reaching 40-year highs, major central banks tightened monetary policy significantly. The geopolitical landscape became increasingly complex. Economic uncertainty increased substantially, and financial markets exhibited heightened fragility and volatility as the traditional asset classes of stocks and bonds declined in unison, with the MSCI All-Country World Index and Bloomberg Global Aggregate Bond Index falling by 18.4% and 11.2% in 2022, respectively. International currency markets experienced intense volatility, and commodity prices saw major swings and divergent increases. Private market investment valuations came under pressure.

Faced with this complex and volatile global market environment and its unprecedented challenges, CIC took the following actions:

- We maintained our strategic focus; adhered to the general guideline of pursuing progress while preserving stability; implemented the new development philosophy thoroughly, accurately, and comprehensively; and remained anchored in our identity as a long-term institutional investor that operates on an international, market-oriented, professional, and responsible basis.

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- We monitored and anticipated changes in market conditions, formulated prudent asset allocation plans, actively repositioned our portfolio to enhance our defensive position, and effectively reduced total portfolio risk by capturing market opportunities. We also optimized the operation and management of the tail-risk hedging portfolio, expanded the portfolio management toolkit, carried out ongoing stress tests, strengthened liquidity management, and coordinated responses at all levels of the portfolio.

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- We deepened the reform of our overseas investment management system, harmonized decision-making processes for private market investments, streamlined investment departments, and bolstered the ranks of our dedicated investment committee members to bring yet greater rigor and professionalism to our investment management activities.

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- We fine-tuned our mix of public market investments and effectively adapted our strategies and portfolios to increasingly complex market conditions.

- We advanced our private market investments with dual emphasis on quality and quantity, strengthened strategic and thematic research, deepened investment partnership management, prioritized post-investment management of key deals, and raised the ratio of alternative assets in our overseas investment portfolio to 50%, a target set out in our 2018-2022 strategic plan.

In sum, CIC's overseas investment business withstood the challenges of material risk events including the COVID pandemic, geopolitical conflicts, and significant market declines. Our overseas investment returns beat the reference portfolio for the third year in a row and met the 10-year rolling performance target.

## 15 CIC's Asset Allocation Journey Revisited

As a professional institutional investor at the forefront of international capital markets, CIC has weathered major global risk events including the global financial crisis, the European debt crisis, and the COVID pandemic during its 15-year journey of growth and development. Despite these challenges, CIC's outbound investment business has taken off, expanded and flourished, evolving from modest beginnings into a diverse and sophisticated practice. Today, CIC has grown into a sovereign wealth fund with diversified asset classes, prudent investment strategies, balanced sector exposures, an extensive network of partners, and a robust risk management framework. CIC is now among the world's largest institutional investors in terms of assets.

CIC has always embraced a diversified, long-term investment philosophy. In its early years, to build a balanced target portfolio, the company adopted a traditional allocation approach combining strategic asset allocation (SAA) with tactical asset allocation (TAA), based on an endowment fund model. During the global financial crisis in 2008, CIC slowed down its investment pace, adopting a “cash is king” strategy to prudently capitalize on opportunities arising from the crisis.

Leveraging the momentum of the global economic recovery, the company actively built investment positions, strengthened investment discipline, and established exposure management mechanisms including rebalancing, currency hedging, and liquidity management. In line with its strategic asset allocation (SAA) plan, the company gradually increased its direct investments and allocations to long-term assets such as infrastructure and private equity. From 2011 to 2012, at the height of the European debt crisis, CIC drew on its deep market insights to capitalize on opportunities arising from market reversals.

Subsequently, CIC conducted a holistic review of its total portfolio. In early 2013, it introduced the policy portfolio, which, together with the company's strategic asset allocation (SAA) and tactical asset allocation (TAA), formed a three-tier “SAA - policy portfolio - TAA” investment structure. This step further improved the company's asset allocation framework.

In 2016, CIC adopted a total portfolio construction framework that consists of a reference portfolio, a policy portfolio, and the actual portfolio. The company continually optimized its strategies and benchmarks against the reference portfolio, and fine-tuned portfolio management tools such as rebalancing. As a result, CIC further elevated its asset allocation performance and the transparency and discipline of total portfolio management.

In early 2020, CIC established the Asset Allocation and Investment Policy Committee and the Department of Asset Allocation and Business Management to oversee the allocation of the entire overseas portfolio, and to better ensure that asset allocation objectives are being implemented across our portfolio and driving investments in line with our strategy.

Amidst the challenging external environment in recent years, CIC has remained consistent in its strategic focus and positioning as a long-term investor. The company has enhanced its overseas investment management framework and its comprehensive risk management system and optimized its asset allocation and portfolio management approaches. These initiatives have provided a strong boost to our integrated management and investment capabilities and cushioned the performance of the total portfolio in stressed market conditions. CIC has also conducted detailed stress tests both on its total portfolio and at the deal level, increased preparedness against extreme risk scenarios, and bolstered business continuity and contingency plans. The company dynamically optimizes liquidity reserves and effectively utilizes a mix of allocation and risk management tools to enhance the quality and resilience of its total portfolio.

Over the past 15 years, CIC's total portfolio of overseas investments has withstood severe bouts of volatility in international capital markets and has successfully delivered on the return targets and risk objectives set by the Board of Directors. The company has also improved its asset allocation and total portfolio management performance, achieving strong investment returns and steadily building its institutional investment capabilities while strictly adhering to its risk tolerance criteria.

## Public Market Investments: Refining Strategy to Continuously Improve Investment Performance

CIC effectively navigated market challenges and volatility in 2022 by fine-tuning/adjusting its investment footprint in public markets and by strengthening alignment between its internally and externally managed investments. The company carried out in-depth investment performance reviews, pushed ahead with adjustments to investment styles and managers, and strengthened in-house capacities for sectoral, geographical, and custom index investing, making its strategies and portfolios more adaptable to market dynamics.

**Public equities:** CIC actively improved portfolio analytics by enhancing the resilience of its analytical system, further harmonized strategy management, and optimized portfolio construction. The company explored the establishment of a semi-passive/exposure position portfolio for public equities to enhance diversification and rebalancing flexibility. On the sustainable investing front, the company stepped up its research into relevant investment themes, explored new modalities of strategy construction, and boosted its independent institutional investment capabilities.

**Fixed income and absolute return:** CIC continued to fine-tune the active management of its proprietary fixed income portfolio to support corporate level allocation adjustments and meet the company's liquidity needs. The composition of the hedge fund portfolio was optimized to further enhance its ability to capture alphas with low correlation to public markets. For its multi-asset risk allocation strategy, the company adjusted its allocation to external managers based on its evaluation of market conditions. We also launched the CIC proprietary macro factor portfolio and completed the development of relevant infrastructure for investment management and performance analytics. Additionally, the company continued to strengthen its macro research and in-house investment capabilities and pursued greater synergies between its internally and externally managed investments.

## Private Market Investments: Pursuing Excellence with Improved Investment Capabilities

CIC continued to strengthen its strategic and thematic research capabilities and deepened its investment partnerships to build institutional co-investment and co-sponsorship capacities. Key investment deals benefited from enhanced post-investment management. The company also continued to employ innovative approaches to outbound investment and consolidated and expanded its investments in the bilateral funds, leveraging its role as a sovereign wealth fund to promote international industrial cooperation. Amidst the turbulent market environment, CIC moved steadily ahead with its private market investments throughout 2022 and successfully achieved its alternative asset allocation target under the five-year strategic plan.

**Private equity and private credit:** Fund investments recorded steady progress thanks to the company's judicious engagement of top-tier GPs and portfolio optimizations. The company leveraged in-depth sectoral research to seize investment opportunities in the market. It executed investments in key industries such as TMT (technology, media, and telecom), healthcare, consumer services, high-end manufacturing, fintech, and business services, and expanded co-investment partnerships. In parallel, we sought out new investment opportunities in themes such as climate change, new energy, and software. Backed by our in-depth market research, we also capitalized on opportunities arising from global inflation and interest rate hikes, and upped our investment in direct lending and real asset-backed financing deals. We also explored ways to better create value and share the accruing benefits with our partners. Periods of market volatility were used to further strengthen and fine-tune post-investment management and portfolio management.

**Real estate:** Real estate continued to serve as a defensive asset class and shield against inflation. With a focus on the investment theme of “demographics + technology + sustainability”, CIC in particular eyed logistics property, rental apartments, and other segments that can offer inflation protection. As part of its portfolio optimization, the company also adjusted the portfolio's exposure to industry segments and geographies to enhance portfolio adaptability, resilience, and growth in the new market environment.



**Infrastructure:** CIC's post-investment management and new investments have proven to be highly effective, supported by the company's strong insights into market trends and dynamics. Our close monitoring of key investments has helped generate stable growth and robust returns across our infrastructure assets against a challenging environment marked by high inflation, rising interest rates, and slowing growth. In-depth sectoral research around energy transition, energy storage, data centers, and regulated assets has enabled the company to fine-tune its investment priorities and strategies, further rebalance allocations across geographies and sectors, and diversify investment risks, increasing exposure to the Asia Pacific region and to sub-sectors such as digital infrastructure, power/renewables, and public utilities.

**Energy and resources:** The company has closely monitored the health of its assets, enhanced post-investment management, and guarded against risks, while seizing the right opportunities to exit investments on the back of a strong commodity cycle. The company has continued to focus on energy-security-related opportunities amidst intensifying geopolitical risks. It has actively pursued investment opportunities arising from the energy transition, progressively increased exposure to green energy, selected fund managers with strong sector expertise and track records, and adopted novel approaches to working with managers leveraging CIC's extensive resources in China.

## Box 2 Energy Transition Strategy for Real Assets

The world is undergoing a profound energy transition driven by emission reduction policies at the national level. Electrification of the energy mix is emerging as the dominant trend, with access to natural resource reserves becoming less relevant. As a result, integrated innovative technological solutions are experiencing rapid growth.

CIC has already built a strong portfolio across segments including natural gas power generation, LNG infrastructure, fossil energy transition, renewable energy, and transportation electrification. Energy transition now offers a plethora of investment themes with diverse risk-return profiles.

To better capture potential investment opportunities, CIC formally launched a dedicated energy transition sub-strategy in 2022. It has since engaged top-tier investment managers, developed new partnership models with managers, and sought out investment opportunities in emerging technologies and innovative business models to capture returns driven by the industry's growth.

**Agriculture and food:** Taking a research-driven approach, CIC increased its agriculture and food investments and further expanded its footprint across the agricultural value chain. We seek to build an investment ecosystem by establishing long-term relationships with major investors in this sector. Together with leading international and Chinese partners, CIC co-sponsored multiple deals with a view to creating value. Our ability to bridge markets is central to the CIC brand and to our competitive advantage in this space.

**Bilateral funds:** CIC maintained a steady investment pace in its bilateral funds. In building a cross-border investment ecosystem and promoting international industrial cooperation, the company has fully leveraged China's vast domestic market to enable portfolio companies to thrive. This has enhanced returns and earnings, informed investment decisions in relevant countries, and driven industrial synergies, advancing high-quality international investment and industry cooperation.

## 15 New Bilateral Funds to Facilitate International Industrial Cooperation

Over the past 15 years since its establishment, CIC has always remained an international, market-oriented, and professional institutional investor. As China's sovereign wealth fund, CIC has continuously innovated in its approach to outbound investments and has created its own unique growth path, supported by the country's economic growth and leveraging its own comparative advantages.

Since 2017, CIC has set up six innovative bilateral funds — the China-US, China-UK, China-France, China-Japan, China-Italy, and China-Germany funds — in partnership with top financial institutions from the relevant countries. These bilateral funds are jointly funded, leverage complementary advantages, and aim to generate benefits for all stakeholders.

Since the launch of the bilateral funds, the fund management teams have conducted rigorous sectoral research to expand into more vertical markets and developed a multi-dimensional investment matrix. The funds have made informed decisions on investments in relevant countries and set up dedicated teams for post-investment management, gradually building an investment model that closely tracks sectoral developments. This has created increasingly stronger stakeholder benefits supported by enhanced cooperation among the investment partners. To date, the six bilateral funds have invested in more than 20 high-quality companies in advanced manufacturing, healthcare, financial services, consumer, and other sectors.

## Green Investment to Power the Low-carbon Transition

CIC remains focused on pursuing quality sustainable investments and has successively launched its *Sustainable Investment Policy*, *Guidelines on Attaining Carbon Peak and Neutrality Goals and Practicing Sustainable Investing*, and *Action Plan for Operational Carbon Neutrality*.

By analyzing global market developments, drawing upon the experiences of its partners, and carefully considering its own investment profile, CIC has devised a policy framework for green and sustainable investment, established and implemented guiding principles and initial plans, and instituted systematic arrangements for implementing a roadmap towards its carbon peak and neutrality goals over the next five years and beyond. At the same time, the company has identified priority tasks in areas such as operations management, research and development, investment allocation, risk management, and international cooperation, and is implementing these step-by-step as part of its systematic plans for high-quality sustainable investment.

In 2022, leveraging the strengths of its quantitative platform and starting with public market carbon data, CIC has produced a series of research results around equity carbon metrics, green equity taxonomy, and green and low-carbon equity investment strategies.

### In terms of thematic investments and strategic allocations in public market equities

CIC has systematically screened investment opportunities in the energy transition in light of secular trends in the global energy transition and the structural opportunities brought about by the European energy crisis. It has titled its sector-themed strategies towards the low-carbon transition and pursued long-term structural growth opportunities more broadly. Additionally, the company has actively engaged with external managers to dive deeper into sustainable investment themes.

### In its fixed income and absolute return investments

The company has actively tracked the development of the green bond market and increased its allocation to green bonds that meet risk guidelines, without affecting portfolio liquidity or returns. At the same time, the company has also explored carbon management tools such as carbon emissions futures as a means to reduce its portfolio carbon footprint.

### In its private market investments

CIC has piloted a green and low-carbon thematic investment strategy. Following in-depth screening of fund managers in overseas climate improvement themes and multi-dimensional modeling of relevant factors, the company has invested in several climate improvement funds. Additionally, the company completed its first forestry carbon credit deal, enhanced portfolio construction in the broader agricultural ecosystem segment, and expanded its investment footprint in key components of the forestry and carbon sink value chain. The relevant investment teams actively sourced investment opportunities in the clean energy sector, including in solar and wind power, natural gas, and energy storage.

## Box 3 Capturing Investment Opportunities in Forestry Carbon Sinks

Across the world, active efforts are underway to establish carbon pricing schemes and develop carbon credit markets. Forestland is a highly advantageous carbon sink asset due to its remarkable capacity for capturing and storing carbon, restoring ecology, and reducing soil erosion. As real assets, forestry assets offer relatively stable long-term investment returns and protection against inflation, and as such can help diversify total portfolio risk.

CIC has been actively seeking investment opportunities in forestland assets. In 2022, the company co-invested in a forestry carbon sink project with its partners spanning over 1.6 million acres of forestland. Through this investment, the company has built close partnerships with the forestland asset manager and the carbon sink development service provider, and has carried out experience-sharing in forest management and in the carbon sink market. This has helped introduce advanced know-how to traditional forest management, including around regulatory frameworks for forestry carbon sinks, market governance mechanisms, trading platforms, and private sector service providers.

## Box 4 Clean Energy Infrastructure in Asia

CIC has long focused on green transition investment opportunities in developing countries and emerging economies in Asia.

In 2017, CIC invested in the largest independent renewable power producer in Asia Pacific, with assets across eight countries and regions and 2.7 GW of installed capacity in operation as at the end of 2022. Leveraging China's comparative advantages in renewable energy equipment and financial services, CIC has helped lock in capacity from high-quality Chinese suppliers, carried out value-additive portfolio management, and effectively facilitated the development of infrastructure in the relevant countries and regions in support of the green transition. At present, the investee company is supplying electricity to around 200,000 households, with its installed solar power units serving some 117,000 households and its wind turbines serving another 88,000. The company thus provides welcome support for addressing local power shortages and improving local production and living conditions.

## Overseas Offices: Pursuing Principled Innovation, Deepening Localization, and Unlocking Synergies

**CIC International (Hong Kong)** prudently managed portfolio risk in its public market investments and actively responded to market challenges. The company took advantage of its presence in Hong Kong to closely monitor market dynamics in the region and around the globe, engage in active exchanges and interactions with peer institutions, and support China's national development. With a focus on the Guangdong-Hong Kong-Macau Greater Bay Area and growing reach across the Asia Pacific region, CIC International (Hong Kong) actively synergized with the head office in deal sourcing and post-investment management.

In 2022, which marked the 25<sup>th</sup> anniversary of the return of Hong Kong to the motherland, CIC International (Hong Kong) fully leveraged Hong Kong's locational strength, actively participated in Hong Kong's financial markets, and sought and seized investment opportunities that helped raise Hong Kong's profile as an international financial center and develop the Northern Metropolis. The office maintained close liaison and cooperation with its Hong Kong peers and strengthened its investment research capabilities, further cementing its reputation as a professional, active participant in Hong Kong's financial markets.

**CIC New York Representative Office** closely monitored developments in the U.S. legal and regulatory environment, strengthened engagement with local business partners, and conducted in-depth research on economic and investment trends in the U.S. market. It participated in post-investment management and on-site due diligence for deals in the Americas and assisted the head office in liaising with multiple new managers and vetting potential investment opportunities.

## Investment Support



CIC conducted in-depth analyses of key investment management issues, systematically evaluated macroeconomic and geopolitical developments, and closely tracked global financial markets and peer dynamics. We continued to study investment opportunities and challenges in different markets, and conducted in-depth research on priority sectors, fully leveraging the role of research in supporting and serving our investment activities.



CIC further enhanced its outbound investment operations system to enable more professional, granular, and digitalized operations management. Investment operation services were broadened and deepened while ensuring high-quality development. Our comprehensive operations risk management system was further bolstered to ensure the security of the company's assets and transactions. We improved the way we manage primary investment data and further enhanced the accounting system of the investment business to underpin corporate governance and decision-making with comprehensive accounting data.



CIC's legal function made improvements to the company's legal compliance framework for outbound investments and carried out compliance checks. It provided sound legal, compliance, and taxation support for the company's overseas investment activities, engaged in legal negotiations, designed deal structures, and attended to overseas regulatory filing obligations. It actively managed and monitored potential compliance risks in respect of CIC's overseas investments throughout the entire deal-making process and carried out reviews of material operational and management matters. These steps, together with our close monitoring of regulatory developments, provided effective protection against compliance risks.



The company strengthened its integrated approach to managing its assets and liabilities, and prudently managed its liquidity. Fine-tuned budgetary management ensured the sound, balanced allocation of resources. The company improved the quality of its financial data and strengthened financial risk controls, giving full play to the role of financial supervision. Expense controls were tightened, with more granular cost-benefit analyses to further drive quality and efficiency gains.



Stronger data governance allowed the company to embed data standards into investment decision and operations management processes, resulting in higher data quality and enabling more granular management. CIC's digital work platform provided effective support for our investment activities across the board and created a more digital, mobile workplace. Strong support was provided for remote work and online meetings, to ensure the company's business continuity.



CIC is committed to an issue-, risk-, and goal-driven approach to supervision, with a focus on core functions and operations. The company performed robust audits of investment activities and economic accountability, as well as special purpose audits in selected priority areas. All issues identified in internal and external audits were addressed with follow-up guidance and supervision.

## Post-Investment Management

As an integral part of long-term investment, post-investment management is essential to managing investment risks, achieving investment objectives, and improving investment performance.

Since its inception, CIC has taken a highly granular approach to formulating and implementing differentiated post-investment management plans and assigning clear-cut post-investment management responsibilities in strict accordance with company policy, while taking into account the unique characteristics of different asset types.

In 2022, CIC pushed ahead with a range of activities that bolstered and broadened the scope of post-investment management, with greater support from middle- and back-office functions. The company made adjustments to its active and passive management on an ongoing basis, enabling it to promptly and accurately flag potential risks. Research on priority topics and post-investment reviews were also organized, and lessons from deal exits shared.

## Investment Performance

CIC is a long-term institutional investor with a 10-year investment horizon that applies annualized rolling returns as its key performance metric.

As at December 31, 2022, CIC's annualized cumulative 10-year net return stood at 6.43%, beating the 10-year performance target by 26 basis points. Its annualized cumulative net return since inception stood at 5.94%. All the above figures are calculated on a USD value basis.

Annualized cumulative 10-year net return stood at

**6.43** %

Beating the 10-year performance target by

**26** bps

Annualized cumulative net return since inception stood at

**5.94** %

# Risk Management

As a sovereign wealth fund that invests around the globe, CIC firmly believes that comprehensive risk management is essential to the high-quality development of our business. In 2022, CIC proactively addressed various risks and challenges in an exceptionally complex and volatile environment by taking additional steps to build an increasingly robust and effective risk management framework that guards against material and novel risks. The company further refined its multi-scenario contingency plans for risk events in its overseas investments and conducted stress tests and business continuity simulations around extreme scenarios. It closely monitored risks at the deal and portfolio levels and bolstered pre-investment risk assessment and post-investment risk controls. These efforts were successful in protecting the company against major risk incidents.

The company further enhanced its risk governance framework by establishing a Risk Management Committee under the Board of Directors. This initiative strengthened the role of the board in providing guidance, coordination, and supervision on material risk management matters. The company also put in place a Comprehensive Risk Management Committee under the Executive Committee and three sub-committees to further boost risk management capabilities in their respective areas.

CIC rigorously enforces its “three lines of defense”:

<p><b>The first line of defense</b></p>	<p>Each department takes direct responsibility for the risk management of its own business.</p>
<p><b>The second line of defense</b></p>	<p>The Department of Risk Management leads the company's overall risk management efforts and works in concert with the relevant departments to develop and fine-tune the company's risk management policies, systems, and processes.</p>
<p><b>The third line of defense</b></p>	<p>The Audit Department reviews and evaluates the effectiveness of the risk management system and acts as the supervisor of risk management activities.</p>

# Risk Management Framework

CIC has developed a multi-layered risk management framework that covers all asset levels and the entire investment process.

<p><b>The overall framework</b></p>	<p>The framework consists of fundamental rules, risk-specific rules, and operational procedures. This full-fledged risk framework provides a robust foundation for the company's risk and compliance culture, as well as guidance for day-to-day risk management.</p>
<p><b>Disaggregation by tier</b></p>	<p>Consistent with the company's asset allocation framework, CIC has put in place risk management guidelines for the total portfolio, for each asset class, and for specific strategies/deals to break down risk limits on a highly granular basis, covering the entire risk spectrum.</p>
<p><b>Coverage of investment processes</b></p>	<p>CIC's risk management operates as an independent, specialized function and covers all the key phases in our investment process, from pre-investment due diligence through to investment decision-making and on to post-investment management.</p>



# Risk Response

CIC has put in place a comprehensive risk management system that addresses eleven types of risk, including market risk, credit risk, operational risk, liquidity risk, and country risk. To ensure the orderly operation of investment activities within our risk tolerance, the company continues to enrich its risk management toolkits for all portfolio tiers, including the total portfolio, asset classes, and strategies/deals, and has strengthened oversight of the feedback mechanism.

## Market Risk Management

Based on its monitoring and evaluation of changing market conditions, CIC developed prudent asset allocation plans and updated its risk policies. The company planned its annual risk budget, rebalanced its portfolio allocations on multiple occasions, optimized the tail-risk hedging portfolio, performed dynamic stress tests, and updated liquidity provisions. Our enhanced look-through risk management allowed us to better examine potential risks of private alternative asset deals through a multi-dimensional and more granular lens. We conducted forward-looking analyses on trending market themes, with a particular focus on management under stressed market conditions, hedge funds' macro adaptability, and the monetary policy of major central banks.

## Credit Risk Management

Regular updates were provided via our Sovereign Credit Risk Report, including analysis of global sovereign credit risk trends. We performed debt sustainability tests on major economies and updated the sovereign credit scores of investment recipient countries and regions to account for prevailing country risks. We also continued to track changes in the credit risk of our investees.

## Internal Control and Operational Risk Management

CIC evaluated the effectiveness of internal control and operational risk management policies in priority areas, and improved the communication, enforcement, and supervision thereof. Improved investment authorization policies made decision-making more efficient, and more robust accountability requirements strengthened the role of investment managers as the first line of defense. The company formalized routine inspections of post-investment management activities and carried out targeted checks. It also took stock of risk factors in specific investment activities to enhance operational risk management.

## Reputational and Compliance Risk Management

CIC strictly complies with the laws and regulations of all its investment destinations, respects local community concerns, and ensures information disclosure as required by law. The company continued to improve reporting, coordination, identification, and mitigation around potential issues in line with company requirements and processes for reputational risk management. Thanks to its diligence around compliance, CIC has earned widespread recognition as a responsible corporate citizen and respected partner.

## Corruption Risk Management

CIC took steps to improve consultation, reporting, and accountability mechanisms for the management of corruption risk. Ongoing assessments led us to update the company's Handbook for Managing Corruption Risks Overseas, reflecting the findings of our risk level evaluations and further strengthening relevant prevention and control measures.

## Geopolitical Risk Management

CIC enhanced its geopolitical risk control system and strengthened its forward-looking analytical capabilities to systematically upgrade its management of geopolitical risks.

## IT Risk Management

CIC conducted comprehensive reviews of security risks in the areas of data and information, software and hardware, and devices and systems and systematically bolstered the company's protection against data and network security threats.

### Box 5 Total Portfolio Risk Management in a Volatile Market

In 2022, CIC had to navigate through the most challenging investment environment since the company's establishment, amidst the COVID-19 pandemic, geopolitical conflict, and extreme volatility in global financial markets. In response to these material risks, the company promptly activated its contingency plans. This involved:

- **Buttressing risk management mechanisms**

Based on its optimized risk management policy and strategies, CIC diversified its risk management toolbox and stepped up its management of conventional risk categories such as market, credit, liquidity, and operational risks. The company also actively explored strategies to better protect against non-conventional risks, including geopolitical and climate risks, to ring-fence the company's high-quality development.

- **Strengthening differentiated risk budgeting**

CIC believes in the importance of aligning risk management with asset allocation and investment activities. By setting well-defined, differentiated objectives for regular risk management and contingency risk management and proportionally tilting risk budgets to advantageous strategies, the company further enhanced its integrated, long-term risk management framework, contributing to the achievement of performance targets.

- **Closely monitoring evolving risk trends**

CIC strengthened risk assessment and monitoring in respect of market dynamics and portfolio risk tolerance. Disciplined risk warnings alerted us to market volatility and portfolio risks, and prompted us to adopt research-based risk response measures to achieve a better balance between growth and safety.

- **Scanning the portfolio for weaknesses**

By tracking and analyzing economic, political, policy, and market risks, we remained highly alert to material risk drivers and potential crisis precursors. Leveraging risk event analyses, we scrutinized the appropriateness of risk-taking in the total portfolio and in each portfolio tier, and enhanced our portfolios' responsiveness and flexibility to adapt to the complex market conditions.

# 04

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## DOMESTIC EQUITY MANAGEMENT

Pursuant to its mandate from its shareholder, Central Huijin undertakes equity investment in key state-owned financial institutions in China, exercising its rights and performing its obligations as a shareholder to the extent of its capital contribution, with a view to preserving and enhancing the value of state-owned financial assets.

# Governance and Structure

Central Huijin is a wholly-owned subsidiary of CIC incorporated as a wholly state-owned company under the Company Law of China. Pursuant to its mandate from its shareholder, Central Huijin undertakes equity investment in key state-owned financial institutions in China, and exercises its rights and performs its obligations as a shareholder to the extent of its capital contribution, with a view to preserving and enhancing the value of state-owned financial assets. Central Huijin does not engage in any other commercial activities and does not intervene in the day-to-day management of the state-owned financial institutions in its portfolio.

Central Huijin's Board of Directors and Board of Supervisors exercise decision-making powers and supervisory powers respectively. Central Huijin's President is responsible for managing the company's day-to-day operations and for implementing resolutions of the Board of Directors.



# Performance

As at the end of 2022, Central Huijin directly held equity interests in 18 financial institutions (including banks, securities companies, insurance companies, and others).

## Central Huijin's Portfolio Companies (as at December 31, 2022)

Financial Institutions	Equity holdings	Financial Institutions	Equity holdings
China Development Bank	34.68%	China Galaxy Financial Holding Company Limited	69.07%
Industrial and Commercial Bank of China Limited	34.71%	Shenwan Hongyuan Group Co., Ltd.	20.05%
Agricultural Bank of China Limited	40.03%	New China Life Insurance Company Co., Ltd.	31.34%
Bank of China Limited	64.02%	China International Capital Corporation Limited	40.11%
China Construction Bank Corporation	57.11%	Hengfeng Bank Co., Ltd	53.95%
China Everbright Group Limited	63.16%	Bank of Hunan Corporation Limited	20.00%
China Export & Credit Insurance Corporation	73.63%	China Securities Co., Ltd.	30.76%
China Reinsurance (Group) Corporation	71.56%	China Galaxy Asset Management Co., Ltd.	13.30%
China Jianyin Investment Limited	100.00%	Guotai Jun'an Investment Management Co., Ltd.	14.54%



In 2022, Central Huijin achieved new successes in its fiduciary management of state-owned financial capital by maximizing its strategic impact and continuing to update and refine the “Huijin Model”.

**First, Central Huijin fully supported China's macroeconomic stabilization efforts.**

Committed to the mission of harnessing financial services to serve the real economy, Central Huijin played a constructive and strategic leadership role as shareholder of state-owned financial institutions. To this end, Central Huijin deployed a host of measures such as proposal reviews, management advice memos, and research by its dispatched directors to help drive product and service innovation, optimize the allocation of financial resources, strengthen alignment with economic stabilization policies and accompanying measures, and step up support for key fields and underserved sectors. These efforts increased the quality and impact of financial support to the real economy and further exemplified the social responsibility of state-owned financial capital.

**Second, Central Huijin acted as a coordinated fiduciary management platform.**

It further codified its proven experience into the “Huijin Guidebook” and actively contributed to the development of China's system for the management of state-owned financial capital. It explored enhancements to its fiduciary management model, bolstered its institutional capacity for duty performance, and achieved further professionalization in its equity management capabilities. It continued to strengthen its complement of dispatched directors, to improve its systems for managing and supporting dispatched directors, and to enable these directors to play an instrumental role in corporate governance at portfolio companies. Central Huijin guided its portfolio companies to deepen management reforms, improve corporate governance, enhance competitiveness, and achieve high-quality development.

**Third, Central Huijin reinforced risk prevention and resolution capabilities.** Central Huijin continued to optimize risk oversight and management processes and to help its portfolio companies enrich their risk management toolkits, while enhancing its own risk monitoring framework and enforcing stronger accountability for risk supervision in its equity management activities. Its dispatched directors served as “risk sentinels”, carrying out ongoing risk screening and assessment in portfolio companies and directing them to meaningfully improve their risk preparedness and mitigation capabilities. Central Huijin also shored up financial institutions at risk, carried out prudent special asset management, and resolutely guarded against systemic risk.

## Box 6 Drawing on First-class Research Capabilities

For Central Huijin, research is a critical, foundational skill. Over the years, the company has made great efforts to build strong research capabilities. Research is also an important pillar of Central Huijin's institutional capacity for the performance of duties.

In 2022, Central Huijin continued to foster both “depth” and “practicality” in its topical research. The various departments of Central Huijin and its dispatched directors organized 19 topical research projects and carried out 56 studies throughout the year. The selected topics focused on support to the real economy and national development, management of state-owned financial capital, financial risk prevention and management, and the operations of portfolio companies. These research projects yielded high-quality results and recommendations that informed financial reforms and provided vital support for equity management.

Going forward, Central Huijin remains committed to aligning its research strengths with China's national objectives and marshalling them in both goal-oriented and problem-oriented research. The company will further strengthen its top-notch research team and research platform and strive to produce first-class results, to better showcase its research capabilities and expertise, and make greater contributions to drive high-quality financial development and shape the future of the financial sector in China.

# 05

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## SUSTAINABLE DEVELOPMENT

CIC has consistently acted as a responsible institutional investor, actively fulfilled its corporate social responsibilities, and continued to drive the sustainable development agenda.

Since its establishment 15 years ago, CIC has consistently acted as a responsible institutional investor, actively fulfilled its corporate social responsibilities, and continued to drive the sustainable development agenda. Following China's announcement of its carbon peak and neutrality goals in 2020, the company has accelerated its research and investment activities around sustainability and has undertaken a series of measures to contribute to the attainment of these goals through the deployment of financial capital.

At CIC, we have conducted research to unlock company-wide synergies through scientific top-level design. We have improved operations management and set a timeline and roadmap for carbon neutrality in our own operations. We have stepped up learning and training activities so as to empower this journey with high standards of professionalism and awareness from the start. We have continued to focus on the development of poverty-stricken areas, where we promote poverty reduction and rural revitalization. And we have actively fulfilled our social responsibilities and supported charitable causes with multidimensional social impacts.

Through unremitting efforts and trials, our sustainable development initiatives have grown from a humble beginning to excellence. Our endeavors have increased significantly in intensity and scale and have improved in structure, yielding economic and social benefits in tandem.

## Green Development

There is widespread consensus across the international community around the need to drive green transition and sustainable development. From the company's top-level strategy all the way through its frontline operations, CIC has truly walked the talk of “Going Green” throughout the organization. The company has also actively participated in a wide range of green finance activities and strengthened international exchanges to realize “lush mountains and lucid waters” through productive financial investments.

## Going Low Carbon in Our Own Operations

CIC is actively pursuing emissions reduction and decarbonization in its own operations and has adopted a roadmap and timetable for achieving carbon neutrality. Taking its 2019 emissions as the baseline, the company is reducing its carbon footprint in key areas including power consumption, procurement of goods and services, and employee travel. In parallel, CIC is helping to develop green local industries as part of its rural revitalization drive, and is complementing its energy-saving and emissions reduction efforts with afforestation programs that increase carbon sinks.

**To reduce its emissions**, the company has identified 11 specific measures targeting three primary emission sources: electrical power purchases, data centers and commodities, and employee mobility and business travel. To reduce electricity consumption, the company will actively purchase green electricity and green certificates, optimize workplace management, and raise employee awareness and encourage an office culture of green and low-carbon practices. To reduce carbon emissions across the lifecycle of procured goods and services, the company will prioritize green procurement, reduce non-essential printing, and deploy robust waste disposal and recycling schemes. The company is also taking multiple measures to encourage low-carbon, energy efficient travel and green commuting.

**For carbon offsetting**, the company has designed a targeted afforestation program which is linked to its other corporate social responsibility initiatives. By combining afforestation with rural revitalization, CIC is helping local communities pioneer new models of green industry development and fostering united efforts to fulfill our corporate social responsibilities.

## Stepping Up International Engagement in Green Finance

In the field of green finance, CIC has increased its international exchanges, explored the establishment of a green impact investing platform, and expanded its international investment partnerships. The company has also leveraged international forums to engage with peer institutions, to present Chinese enterprises' green and sustainable investing practices, and to discuss opportunities for investment cooperation. Through this engagement, CIC has brought a Chinese institution's voice and perspective to the international sustainable investing community.

## Box 7 A Groundbreaking Forestry Carbon Sink Project — the First in China's Securities Industry

A key understanding in sustainable development is that “lucid waters and lush mountains are invaluable assets”. Today, a win-win strategy of ecological conservation and economic gains is being steadily implemented in Huining County, Gansu Province leveraging financial product innovation.

In 2022, Shenwan Hongyuan Securities, a CIC Group company, launched an innovative rural revitalization program that transforms ecological benefits into developmental advantages. The Huining County Carbon Sink Assistance Project provides a total solution for forestry-based carbon sink development in Huining County, covering such components as a trading model, carbon dioxide measurement technology, price formation and movement, third party assessment and verification, and carbon credit acquisition. By entering into long-term contracts and locking in tradable shares, the project features clearly defined property rights, development rights, and income distribution rights and has reduced carbon sink transaction costs for individual villagers. Through a special coordinating facility, the project smooths out income across cycles, allowing the village collective or villagers to receive regular carbon sink income streams. This innovative model represents a creative solution to property rights and income distribution issues in forestry carbon sink projects.

The Carbon Sink Assistance Project delivers multiple measurable benefits for local development. The project is expected to generate around CNY 340 million in income per cycle (20 years), while also creating short- and long-term jobs for the local community. Villagers can share in the economic benefits from carbon sink trading by earning wage income, property income, and operating income — turning “green” into “gold”.

As the first carbon sink showcase project for rural revitalization launched by a securities company in China, the Carbon Sink Assistance Project received the Outstanding Contribution to Poverty Reduction Award from the China Foundation for Rural Development in 2022.

# Rural Revitalization

In 2022, leveraging its financial services expertise, CIC consolidated and expanded poverty reduction progress in the four counties to which it provides targeted support as part of a paired assistance program — Shibing County in Guizhou Province, Xunhua County in Qinghai Province, and Jingning County and Huining County in Gansu Province — and successfully linked these efforts to rural revitalization programs. Focusing on livelihood improvement, industry development, and intangible cultural heritage, these programs were funded with investments made by or mobilized by CIC, amounting to CNY 421 million in total in 2022.

## Building Infrastructure and Public Services to Improve Living Standards

**Rural revitalization starts with improved living standards.** In 2022, investments of over CNY 130 million were made by or through CIC to facilitate assistance on healthcare and education, and to improve essential infrastructure, including water, electricity, and roads.

### In the area of water supply

CNY 10 million was invested in the “Water Cellars for All” program in Huining County to provide access to drinking water for over 2,400 residents, as well as irrigation for over 2,000 hectares of basic farmland.

### In the area of living environment improvement

Over CNY 30 million was invested in the “Lighting up the Countryside” project, to support the installation of over 10,000 solar streetlights in Shibing and Jingning counties over the course of three years, benefiting over 480,000 residents. To improve transportation access, over CNY 15 million was invested in a road upgrade and renovation project in Jingning County.

### On the healthcare front

Over CNY 9 million was invested across the four counties to build rural health clinics and other facilities to make healthcare services more accessible. A pilot program to tackle the “three highs” (high blood pressure, high cholesterol, and high blood sugar) was launched in Xunhua County, shifting the focus from treatment to prevention of chronic disease, and benefiting over 5,000 people.

### In the education arena

Over CNY 35 million was donated for the construction of kindergartens and dormitory buildings and the implementation of learning assistance programs, benefiting over 9,000 teachers and students across the four counties.

## Boosting Rural Household Income with Financial Support for Specialty Industries

**Thriving industries lead to a prosperous countryside.** In 2022, CIC employed various financial instruments to aid in the development of local specialty industries and help diversify and grow household income in the target counties.

- In Xunhua County, CIC contributed loan collateral and made “lamian loans” available to lamian (hand-pulled noodle) restaurants affected by COVID-19.
- In Jingning County, a 10,000-head cattle farm and beef cattle breeding project was funded as part of efforts to develop a billion-yuan Pingliang red-fur cattle industry.
- In Huining County, the company supported the development of lily bulbs, small grain cereals, and other specialty industries, generating more than CNY 10 million in additional income for the village collective and villagers.
- In Shibing County, CNY 10 million was invested to build a cultural tourism facility. And through farming lingzhi mushrooms (also known as 'reishi'), Diba Village transformed itself from a deeply impoverished community into the second village in Shibing County to reach collective income of CNY 1 million.

### Box 8 “Lamian Loans” to Support the Local Hand-pulled Noodle Industry

Xunhua County in Qinghai Province, a recipient of targeted assistance from CIC Group companies, is famous for its traditional hand-pulled noodle (“lamian”) industry. The industry employs over 23,000 people in the county, about 15% of the county's total population. Individuals who hail from Xunhua County own and operate more than 6,200 lamian restaurants in over 100 cities across China. The lamian industry generates total revenues of CNY 3.35 billion annually, accounting for 85% of the county's GDP.

In 2019, CIC Group companies began supporting the county government's strategy of driving wealth creation and income growth by developing the local lamian industry. Since then, CIC Group companies have helped lamian business owners who hail from Xunhua County revamp and upgrade their 6,000-plus lamian restaurants across China and boost their risk resilience by providing loan collateral and specialized technical training. In particular, to address the difficulty in obtaining credit that many lamian business owners have traditionally faced, CIC Group companies launched a “lamian loan” program in collaboration with Xunhua County and commercial banks. This program makes financing available to lamian restaurant owners at concessional rates, thanks to collateral posted by CIC Group companies.

As at the end of 2022, over CNY 70 million of “lamian loans” had been underwritten to over 100 lamian business owners, creating nearly 1,000 new jobs. This injected strong impetus into the development of the Xunhua lamian industry and inspired more individuals from Xunhua County to embark on the “1-2-3” path to prosperity — becoming a server in year one, a noodle maker in year two, and a restaurant owner in year three.



## Cultural Support Programs to Revitalize Folk Traditions

Intangible cultural heritage not only reflects the diversity of local rural communities, but also represents an invaluable resource that can be tapped for economic development and cultural revival. In 2022, CIC incorporated the development of intangible cultural heritage into its targeted support activities. The company launched three master workshops in Jingning County for three types of folk crafts — paper-cutting, glassware, and wire inlay painting — to allow this heritage to be passed down to future generations. And in Shibing County, the company advocated for the recognition of Ke Dao folk music, Miao embroidery, and dragon boat building as intangible cultural heritage, in order to better promote folk culture and revitalize traditional crafts.

### Box 9 Protecting the Hard-earned Success of Poverty Reduction with Unique Financial Products

China's success in eradicating absolute poverty was hard won. Consolidating this success now demands equally difficult efforts. Individual households and even entire communities can fall back into poverty as a result of illnesses, accidents, and natural disasters. To counter the risk of large-scale poverty relapse, CIC Group companies have developed a powerful tool: a “comprehensive insurance against return to poverty” product, tailored for residents in the four targeted support counties. This unique scheme combines personal insurance, property insurance, and agricultural insurance to offer blanket protection against natural hazards, disease, household property loss, and various risks to crop and animal production.

Over years of pilot tests and iterative improvements, this insurance scheme has developed a dynamic big data monitoring system that connects county, township, and village institutions with vulnerable households, enabling precisely targeted interventions to avoid poverty recurrence. Each year, the system dynamically refreshes its list of households that qualify for coverage to ensure that the opportunity of protection is extended to all those who need it. The system also actively identifies leads for claims by analyzing data from the public healthcare insurance system and civil affairs departments, and makes every effort to ensure that benefits are paid out quickly to everyone who qualifies.

As at the end of 2022, this innovative insurance scheme covered some 300,000 policyholders across the four counties and had paid out over CNY 10 million in benefits. The program demonstrates how inclusive financial services can generate positive social impacts and serves as a potent backstop against poverty relapse.

## Volunteerism and Charity

CIC actively fulfills its responsibilities to society and contributes to public benefit causes in a variety of different ways. In 2022, CIC Group Companies organized a joint volunteer service initiative. As of the end of the year, it had carried out a total of 21 community outreach and service campaigns in 12 cities, with themes including knowledge dissemination, community waste cleanup, and appreciation for sanitation workers.

CIC also facilitated active participation by an advanced ophthalmology medical device company — an investee of one of CIC's bilateral funds — in the “March to the Light” campaign, which provides free medical services to ophthalmic patients in poor areas of China, bringing sight to patients who cannot afford medical treatment. The invested company also co-founded a Southwest China Eye Surgery Training Base with a Chinese medical institution partner to train and support ophthalmic surgeons in Southwest China.



## Passing on the Torch and Lifting up the Next Generation

It is our long-held conviction that one of the most important ways CIC can live up to its commitment to making the world a better place is by lifting up and empowering the next generation.

In 2022, CIC Group companies launched “Winter Warmth”, a joint initiative to donate winter clothing to students in rural schools in underdeveloped areas. Through the generosity of over 11,000 employees, CNY 1 million was raised for 4,193 students in 29 rural schools in Gansu, Shanxi, Guizhou, Ningxia, Qinghai, and Yunnan. Many of these students are “left behind” children who were without a change of decent winter clothing. In the harsh days of winter, a down jacket is a gift of warmth that makes all the difference.



In 2019, CIC launched the “Golden Sunshine” scheme and joined the “Little Droplet Study Camp Program”, inviting students and teachers from Jingning and Huining counties in Gansu Province, Xunhua County in Qinghai Province, and Shibing County in Guizhou Province to Beijing to visit famous landmarks, science centers, and top university campuses under the guidance of CIC volunteers.



Since 2018, over 50 CIC employees have volunteered to organize and lead study tours to Beijing for teachers and students from the Herdsmen's Children Boarding School in Jimunai County, a remote township in China's northwest frontier. Visiting pupils engage in joint activities with their peers from the big city.

In 2022, CIC held a career awareness and preparedness event for the Dandelion Middle School, a school for children of migrant workers in Beijing. CIC staff and guest speakers shared their experiences and insights into their careers as diplomats, journalists, lawyers, and designers. The event was designed to help students develop a holistic view of who they are as individuals and an informed perspective on their future choice of career and personal success.

## Care and Support for Sanitation Workers

Since 2017, CIC Group companies have been running a nationwide program called “Care for Sanitation Workers” with the aim of enhancing city cleaners' welfare and fostering respect, understanding, care, and support for these vital custodians of our shared living environment.

By the end of 2022, over 920,000 city cleaners in nearly 170 cities around China had obtained free personal accident insurance coverage as part of this program. Benefits were paid out in respect of 353 claims, providing much-needed relief to the families of 327 sanitation workers. Beyond providing personal safety coverage for sanitation workers, we also organized more than 1,000 events, including painting and calligraphy competitions for children of sanitation workers, public service performances by symphony orchestras, and lectures and training on traffic safety, as well as providing appreciation bonuses during holidays. In addition, 432 care stations for sanitation employees have been built, offering ready access to drinking water, a break area, restrooms, and first-aid treatment for injuries.



## Public Service for the Community

In 2022, volunteers from CIC Group companies formed a joint working team to run a community service initiative in Hubei Province. Under the banner of “giving back to the community together”, the team organized a series of activities in Wuhan's Baotongsi neighborhood. These included:

- A community cleanup campaign to remove litter and junk and help keep the neighborhood beautiful; and
- An information campaign to raise vigilance against illegal fund-raising. Community members increased their financial literacy, money management know-how, and risk awareness by competing in knowledge quizzes and getting expert advice on tricky questions. The campaign emphasized a rational investing mindset and the fundamentals of personal financial management.



# 06

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## CORPORATE MANAGEMENT

CIC aims to grow into a respected world-class sovereign wealth fund empowered by a strong talent base and extensive networks of partners.



# Human Resources

For any company, talent is what undergirds core competitiveness and enables high-quality growth. That is why CIC has prioritized talent development from day one.

Over the past 15 years, CIC has gone through different stages of development as a company, from navigating challenges as a start-up to rapid growth and on to disciplined innovation. Throughout its journey, the company has built, evolved, and achieved excellence in its talent management system. Our system integrates talent acquisition, development, and retention; promotes employee growth and advancement; and ensures that the company has the talent it needs to thrive. We embrace international, market-oriented, and professional human resource management principles, continually reaffirm our commitment to talent as the primary resource for organizational development, and foster a conducive environment for outstanding talent to excel in. This talent system provides critical support and assurance for CIC's business growth.

## 15 Building a Strong, Talent-centered Organization — A Fifteen-year Retrospective

- Start-up stage – Creating systems and building a team

In the early days of CIC's establishment, a central task in human resources management was to set up the systems and recruit the workforce needed to grow the business. In this stage, we swiftly launched and fine-tuned a human resources management system, effectively assembled a high-performance, skilled team of professionals, and laid a solid foundation for the company's future.

- Rapid growth stage – Developing policies and procedures and supporting organizational transformation

From 2009 onwards, as the company's businesses gradually reached maturity, a new phase of transformation began. During this stage, we continued to improve human resources policies and procedures and progressively built a robust talent management system that integrates talent acquisition, development, and retention, promotes employee growth and advancement, and ensures the company has the talent it needs to thrive.

Getting planning right

We developed a strategic human resource plan and created key infrastructure including an organization-wide job architecture, systematic career path planning, and competency models. This put in place a rigorous governance framework for workforce planning and development.

Building a robust system

We embraced industry-leading practices, adapted to suit CIC's own characteristics, and significantly improved the company's human resources management rules and procedures. This resulted in a comprehensive, cohesive talent system with streamlined and effective operating processes.

Mobilizing human capital

We built a database of high-level investment professionals to enable rapid, targeted recruitment of “high-caliber and urgently needed” talent from outside the organization.

Leveraging information technology

We drew on enabling technology, built an IT system with modules covering all aspects of human resources management, and collected baseline data for consistent management and decision-making.

- Disciplined innovation: Championing strategy-led transformation

In 2018, CIC adopted the goal of “comprehensively developing human capital” as part of its five-year plan as set out in the *China Investment Corporation Strategic Plan 2018-2022*. This marked the beginning of a new chapter in the company's human resources strategy. Since then, CIC has adopted further reforms and innovations, continuously optimized its policies and procedures, and focused on developing a talent management framework that is coherent, coordinated, and complemented by external resources.

In 2021, the company launched a new career management system to further boost the vitality of CIC's workforce. Stressing simplicity and efficiency, this system is fully aligned with CIC's strategic direction, features clearly defined pathways for advancement in different disciplines, and ensures matching of authority and responsibility. The system makes multiple career paths possible for employees, formalizes sound practices for promotion and rotation, supports logical human resources planning, and reinforces the company's talent culture. This new career management system will help foster an enabling environment where exceptional talent can flourish and will lay a solid foundation for ongoing optimization of the organization's talent mix and higher levels of productivity and effectiveness.

CIC has recently launched a new strategic plan and visionary goals as it begins a new chapter in its development in 2023. These reinforce the strategic aim of strengthening the organization through talent, and depict a fresh vision for further strengthening talent attraction and cultivation and making the company a magnet for top-tier talent. As CIC strives to realize its goal of becoming a world-class sovereign wealth fund, it will remain committed to talent-led growth. We will continue to hone rigorous, effective strategies to manage and empower talent, and will shape the future and prosper alongside the talented individuals who make up our organization.

## Talent Recruitment

CIC attaches great importance to building a high-performance workforce. The company has built a multi-tiered and multi-channel talent recruitment system to acquire exceptional talent and provide lasting momentum to the company's growth.

In 2022, in line with the company's strategy and business objectives, CIC continued to recruit experienced investment professionals through a variety of channels, achieving a steady increase in the total headcount. In particular, the company further intensified efforts to recruit mid-career and senior investment professionals, targeting specialists in short supply and high demand to further strengthen the professional capacities of the investment team. At the same time, the company continued to optimize its campus recruitment activities to draw in top graduates from leading universities in China and beyond, and further enhanced its internal training programs to continuously upskill CIC's workforce.

As at the end of June 2023, 87% of employees in the CIC head office held a postgraduate (master's or doctoral) degree. Within our overseas investment team, 66% of our employees possessed overseas education or overseas work experience, and 93% held a postgraduate (master's or doctoral) degree.

Since CIC's Postdoctoral Research Station was established, the company has hired 21 postdocs who conduct research on the asset allocation of institutional investors, economic cycles and sectoral rotation, geopolitics, technology and innovation, sustainable development, and other themes of relevance to the company's strategy and operations.



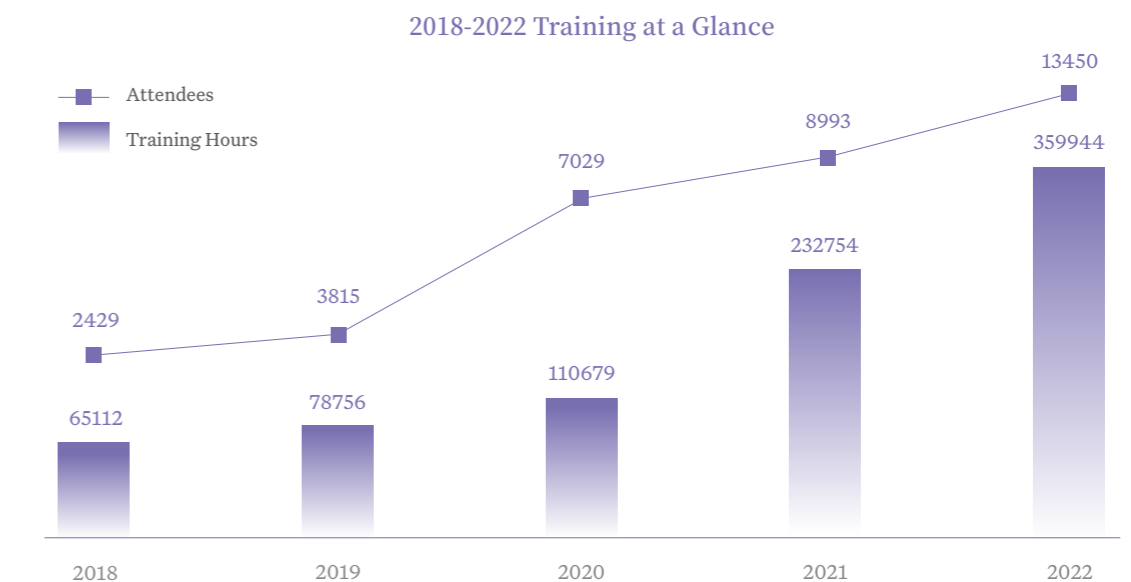
## Empowering Employees to Shine

CIC is committed to enabling employees to excel and to grow. We offer a supportive environment for talent development and the pursuit of excellence.

### Rich Training Offerings

The company helps employees build their skills and competencies with its robust and growing training programs. To meet the evolving needs of the company and its workforce, we have further developed our internal training system to support competency enhancement across a wide range of specialisms, covering professional skills, managerial skills, and general skills. Training is delivered through a combination of lectures, online learning, and interactive workshops. In-house experts share their know-how and expertise via workshops and participation in the development of course content. We continue to level up the quality and impact of CIC's training offerings.

In 2022, the company's training courses logged record enrollment of 13,450 participants, with close to 360,000 hours of training delivered to employees at the head office and across the CIC Group.



## Expanding Horizons through Job Rotations

At CIC, internal mobility programs are a vital part of our talent development approach. Job rotations broaden our employees' perspectives and equip them with diverse experiences. Through rotations across different roles, functions, and business areas, employees can develop capabilities, stay current, and more effectively support the company's goals with specialist competencies and practical skills.

In 2022, the company further increased employee mobility by creating new rotation pathways with priority on cross-department and cross-function exchanges within the head office and on secondment of head office employees to CIC Group companies and front-line positions. These opportunities allow employees to gain valuable experience, hone their skills, and test their abilities.

## Rewarding Merit to Bring out the Best

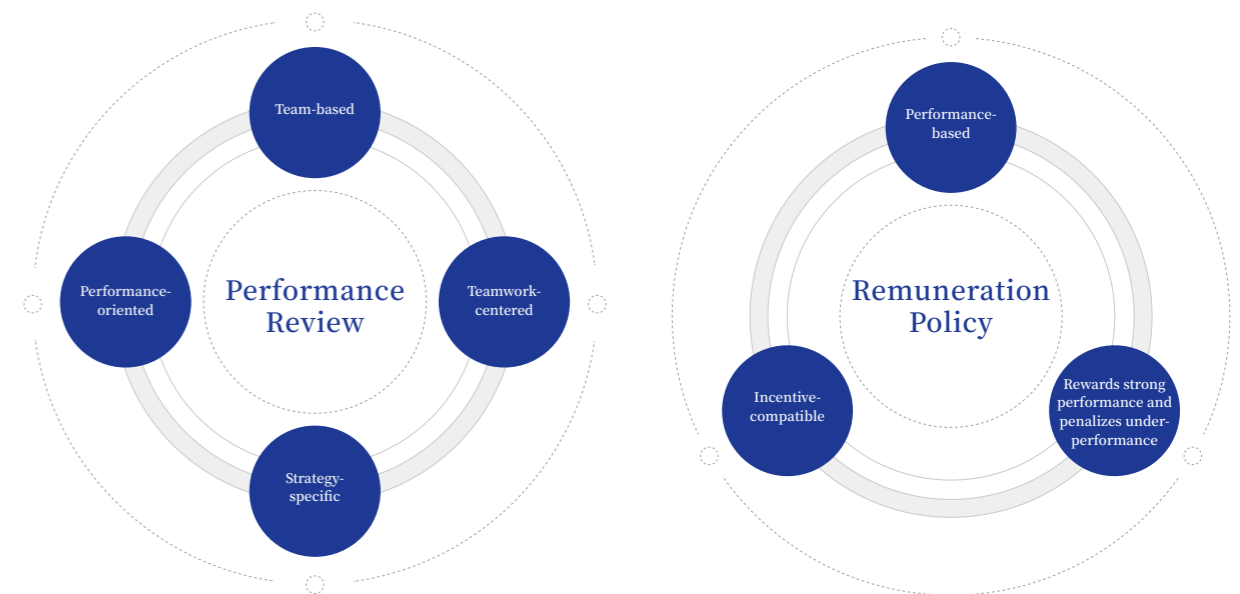
We can bring out the best in our people and maximize their contributions only when we empower their growth and value their worth. CIC is committed to creating an enabling environment for our employees to excel and to equipping them with the resources they need to get things done and grow the business.

### Performance Reviews and Incentives

Our performance reviews are strategy- and team-based and focus on teamwork and results. CIC leverages performance management as a powerful tool for motivating employees to achieve higher standards and deliver on the company's business objectives.

Our remuneration policy is centered on “results, compatible incentives, rewards for top-performers, and penalties for the worst performers”. By linking remuneration more closely to performance, increasing department-level incentives, and improving internal bonus allocation methodologies, we have ensured that our teams are motivated to succeed.

We are committed to merit-based talent placement and promotion. We continue to fine-tune our formal selection and promotion processes, communicate reasonable expectations for career advancement to our employees, and optimize the company's talent mix.





I've been with the company since day one. Along the way, I witnessed trying times as the company grappled with the global financial crisis, as well as other risks and challenges. I also observed firsthand how CIC was built from scratch and grew into a professional institutional investor with rigorous management. And I have lived by the CIC culture of responsibility, professionalism, and aspiration.

Looking back, I am grateful to CIC for providing a stage where I could learn, grow, and mature from a novice into a veteran. The trepidation I felt at the beginning of this journey has long given way to enormous pride in all that we have accomplished. CIC has imparted to me the greatest treasures in life: patience, resilience, grit, and responsibility.

I am proud to have been part of CIC's success, but seek no personal accolades. Going forward, I will keep doing my part to help build CIC into a world-class sovereign wealth fund.

— — Veteran employee who joined CIC on day one



Ten years of working at CIC has not only taught me about accountability, mission, honor, and growth, but has also shaped my worldview, lifeview, and values. It's helped me understand what matters most to me. In my view, what has truly made the biggest difference over the past decade has been the team's collective growth. That is what generates the company's beta.

CIC's core values of "responsibility, synergy, professionalism, and aspiration" are an illustration of how we all have an internal value system that guides us to make choices and become who we are today. Growth is a one-way street: you have to go forward. I believe in constantly improving my team's beta and creating more value for the company. This conviction has driven me to where I am today, and will continue to guide me into the future.

— — 10-year investment professional



The kind of cultural ethos that has the power to truly inspire people to change the world always takes shape gradually, subliminally, unobtrusively. CIC has that kind of ethos.

What is CIC's ethos? Over time, I have realized it to be: the humility we bring to pursuing our mission and adhering to our founding aspiration; our undiminished passion, focus, and innovation; our ambition to forge global connections while keeping a laser-sharp focus on China; and our commitment to high standards, professionalism, and prudence.

Loyalty, expertise, discipline, and innovation are also key components of the CIC spirit for the new era.

"A great nation" and "the best of times" are the launch coordinates from which we are taking off in pursuit of the aspirations of our youth, and the underpinnings of our confidence in our ability to shape the future. Standing at this new starting point, as a proud CIC employee, I vow to be a guardian of the company's bright future!

— — 12-year employee in the middle- and back-office



With its roots in China, the world's most important growth engine, and its strong partnerships with world-renowned financial institutions in its overseas investments, CIC possesses many unique advantages as an institutional investor that operates on an international, market-oriented, and professional basis.

CIC provides young employees with a global perspective, a first-rate platform and resources, a highly professional workplace, and a customized training system. The company helps us map out clearly defined career paths. It listens to our voices and takes even small suggestions seriously. CIC's corporate culture truly speaks to me. As a fresh graduate from university, I look forward to starting a new career here and achieving growth for myself and for the company.

— — Newly hired 2022 management trainee



## Cohesive Culture

We place high priority on building a strong corporate culture. A key component of this is CIC's internal recognition system, which serves to enhance cohesion and build team spirit. On the occasion of the company's 15<sup>th</sup> anniversary, we held a "CIC Medal of Honor" award ceremony to recognize select employees for their outstanding contributions to the reform and development of the CIC Group and to galvanize employees in the collective pursuit of CIC's high-quality development.

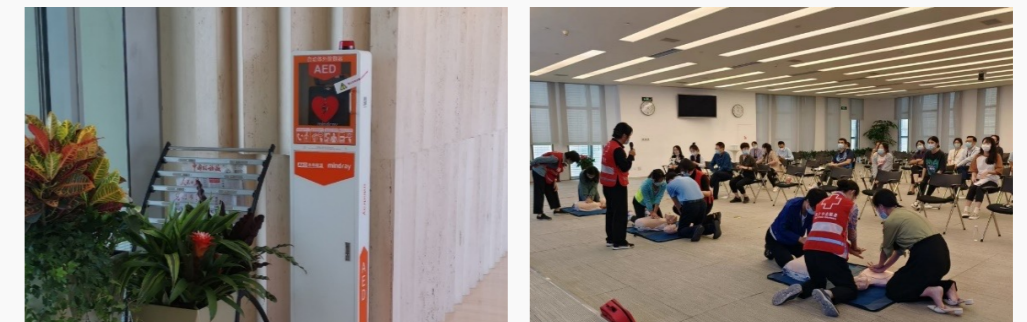
We are committed to caring for our employees and have continued to improve our services and supports in all areas. A host of cultural and athletic activities organized within CIC fostered a sense of community, achievement, and satisfaction among our employees.



## Box 10 Human-centric Care for Our Employees

Protecting the safety and health of employees is the obligation of any responsible business.

In 2022, CIC Group companies installed 70 more automatic external defibrillators (AEDs) in their office buildings' public spaces. They also conducted over 150 health-related events, including wellness lectures, online training sessions, first-aid video screenings, and first-aid manual promotions. Over 134 hands-on skills training sessions attracted over 30,000 participants in total, and led to over 740 employees becoming certified first responders. Additionally, CIC Group companies joined hands with the Red Cross and various community groups to run first aid workshops, theme events, and challenge contests for the general public. By expanding first aid expertise both within and outside of CIC Group companies, these initiatives not only strengthened our own employees' sense of safety in the workplace but also contributed to building first responder capacity in society at large.





# Global Outreach

“The going may be tough when one walks alone, but it gets easier when many walk together.” Given the myriad uncertainties in the international macro environment today, it is all the more necessary to choose dialogue, exchange, coordination, and cooperation. As China's sovereign wealth fund, CIC has always reached out to the world with an open attitude and genuine desire to engage, leveraging our roots in China and connections across the globe, and actively participating in global dialogue and collaboration.

## Box 11 Powering the BRICS Agenda

During 2022, the BRICS “China Year”, CIC actively participated in BRICS events and helped build deeper consensus and stronger collaboration among the participating countries.

In 2022, Ms. Zhao Haiying, Executive Vice President and Chief Strategy Officer of CIC, served as the Rotating Chairperson of the BRICS Women's Business Alliance (WBA). In this role, Ms. Zhao facilitated women-centered cooperation initiatives in the fields of digital economy, health, and people-to-people exchanges; successfully organized the BRICS Women Innovation Contest and the inaugural BRICS Women's Leadership Forum; and oversaw the release of the first BRICS Women's Development Report by the WBA. She promoted women's development and solidarity across the BRICS nations by actively championing approaches for women to maximize their competitiveness and creativity.

The Women's Business Alliance was established with the approval of BRICS leaders as an essential vehicle for women to shape business cooperation among the five countries. In 2023, during its continuing presidency of the WBA China Chapter, CIC will organize further dialogues and exchanges and will seek to steer BRICS cooperation to practical outcomes.



**Candid dialogues and all-round, multi-level exchanges.** In 2022, CIC successfully organized a parallel forum at the Financial Street Forum and actively took part in events organized by the International Chamber of Commerce, the Institute of International Finance, and various bilateral business councils. The company's management attended the China Development Forum, Bo'ao Forum for Asia, Asian Financial Forum, Global Wealth Management Forum, CEO and former senior officials' dialogues, and other premier financial and economic events. We also built our relationships with government agencies, regulators, peers, and business partners via video conferencing and written communications. These engagements created a constructive atmosphere for increasing mutual trust, exploring potential collaborations, and achieving win-win results. Our outreach activities added impetus to productive interactions between China and the world at large.

**Playing a constructive role in our global peer organization.** CIC is the only institution that has served on the board of the International Forum of Sovereign Wealth Funds (IFSWF) continuously since the forum's establishment. CIC has provided leadership throughout the IFSWF's development and is committed to working with other sovereign wealth funds to promote openness, fairness, and non-discrimination in global investment markets and to contribute to global economic recovery and financial stability.

In 2022, CIC continued to contribute leadership and influence in the forum's major deliberative bodies, including its Board and its Advisory Committee, with the aim of promoting an open, inclusive, equitable, and sustainable IFSWF. We brought high-quality participation to important events including the IFSWF Annual Meeting, webinars, and topical research seminars, and supported the IFSWF's policy advocacy, strategic research, and membership outreach initiatives in a variety of different ways. We maintained a friendly and trusting relationship with the IFSWF Secretariat, helped to translate and promote forum publications, and coordinated closely on day-to-day affairs such as implementing Board resolutions, formulating the IFSWF's work plans, reviewing membership applications, and conducting self-assessments. For these efforts we received a special thank-you letter from the Secretariat.

**Leveling up our public communications strategy with digital media.** A strong brand image is essential for any organization's long-term success. In an era where communication is increasingly digital, networked, and intelligent, we continue to keep pace with the times by actively developing new media channels to engage the public and maximize the speed, reach, and impact of the company's messaging. In 2022, CIC's social media followers grew by 110% year-on-year. To convey CIC's messaging in a more compelling format, we launched short-form videos on our WeChat public account, publishing content on sustainable development, the IFSWF, and our International Advisory Council. We further augmented the content and presentation of the company's information disclosures and issued timely updates on corporate governance, investment strategies, and operating results.

“Lasting connections are forged through heart-to-heart exchanges.” CIC stands ready to engage in more extensive and more in-depth dialogues and exchanges with all stakeholders, in order to consult on development, promote collaboration, discover opportunities, and tackle challenges together.

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## 2022 FINANCIALS

The independent auditor has audited the consolidated financial statements of CIC, and issued an unqualified opinion.

# Basis of Presentation

CIC conducts its overseas investment business through CIC International and CIC Capital, and its domestic investment business through Central Huijin. CIC prepares its consolidated financial statements in accordance with the Accounting Standards for Business Enterprises (ASBE) issued by the Ministry of Finance of the PRC. These standards have achieved substantial convergence with the International Financial Reporting Standards (IFRS). The independent auditor of CIC has audited the consolidated financial statements of the Company and issued an unqualified audit report. The financial statements prepared by CIC comply with the requirements of the ASBE and give a true and fair view of the financial position of CIC as at December 31, 2022 and of the Company's operating results and cash flows for the year 2022.

The preparation of financial statements in conformity with ASBE requires management to make certain judgments, estimates, and assumptions based on historical experience and other factors that it believes to be reasonable in the circumstances. These judgments, estimates, and assumptions are mainly applied to the valuation of financial assets and the recognition of income taxes.

CIC's fiscal year runs from January 1 to December 31 on the Gregorian calendar. The accounts of CIC, CIC International, and CIC Capital are denominated in U.S. dollars; the accounts of Central Huijin are denominated in Chinese yuan.

Central Huijin mainly uses the equity method to account for long-term equity investments and does not consolidate the financial statements of its subsidiaries.

# Summary of Accounting

## Classification of Financial Instruments

The Company's financial assets are classified as financial assets at amortized cost, financial assets at fair value through other comprehensive income, and financial assets at fair value through profit or loss; its financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at fair value through profit or loss. All financial instruments are classified into these categories based on their business model and contractual cash flow characteristics.

## Recognition and Measurement of Financial Instruments

On initial recognition, financial instruments are measured at fair value. On subsequent measurement, financial assets measured at amortized cost are measured at amortized cost using the effective interest method, with gains or losses arising from amortization or impairment recognized in profit or loss. Financial assets measured at fair value through other comprehensive income are subsequently measured at fair value, except for impairment losses and exchange gain or loss on foreign-currency monetary financial assets recognized in profit or loss, and changes in fair value are recognized as other comprehensive income until the cumulative gain or loss is transferred to current profit or loss upon derecognition. For financial assets designated as at fair value through other comprehensive income, only the related dividend income is recognized in current profit or loss, and changes in fair value are recognized as other comprehensive income until the cumulative gain or loss is transferred to retained earnings upon derecognition. Financial assets at fair value through profit or loss are subsequently measured at fair value, with all changes in fair value recognized in profit or loss.

Fair value is the price that market participants would receive to sell an asset or pay to transfer a liability in an orderly transaction that occurs on the measurement date. For financial instruments for which an active market exists, the fair value is determined using quoted prices in an active market. For financial instruments for which there is no active market, the fair value is estimated using valuation techniques. The main valuation techniques used include the market approach, the income approach, and the cost approach. When using valuation techniques, relevant observable inputs (inputs that can be obtained from market data and reflect the assumptions used by market participants in pricing the relevant asset or liability) are used to the maximum extent possible, and unobservable inputs are used only when relevant observable inputs are not available or not practicable to obtain. The Company regularly evaluates valuation techniques and tests their effectiveness.

## Accounting for Income Taxes

The accounting of the Company's income taxes is based on the balance sheet liability method. Income tax expenses include current income tax and deferred income tax. Current income tax is the amount that should be calculated and paid for the transactions and events occurring in the current period, i.e. income tax payable, as calculated and determined by the company in accordance with tax regulations. The Company's deferred income tax assets and deferred income tax liabilities are recognized based on the differences between the tax bases of assets and liabilities and their carrying values (temporary differences) and the tax rates applicable to the periods in which the assets are expected to be recovered or the liabilities settled.

# Financial Statements

## Consolidated Balance Sheet

(Amount in millions of US dollars)

	2022-12-31	2021-12-31
<b>Assets</b>		
Cash and deposits	23,661	57,648
Financial assets at fair value through profit or loss	318,365	369,446
Buy-back financial assets	-	1,545
Receivables and prepayments	3,037	6,027
Long-term equity investments	860,346	876,185
Other assets	34,534	40,012
<b>Total Assets</b>	<b>1,239,943</b>	<b>1,350,863</b>
<b>Liabilities</b>		
Bank borrowing	10,778	984
Financial liabilities at fair value through profit or loss	1,863	857
Bonds payable	54,470	65,504
Deferred income tax liabilities	6,568	14,658
Other liabilities	19,795	23,774
<b>Total liabilities</b>	<b>93,474</b>	<b>105,777</b>
<b>Owner's Equity</b>		
Paid-in capital	200,000	200,000
Capital reserves and others	946,469	1,045,086
<b>Total Owner's Equity</b>	<b>1,146,469</b>	<b>1,245,086</b>
<b>Total liabilities and owner's equity</b>	<b>1,239,943</b>	<b>1,350,863</b>

Note: owner's equity decreased year-on-year due to a combination of factors including depreciation of the Renminbi against US dollars and distribution of dividends.

## Consolidated Income Statement

(Amount in millions of US dollars)

	2022	2021
<b>Operating income</b>	<b>43,421</b>	<b>134,008</b>
Investment income	91,594	111,756
Interest income	1,812	2,329
Gains/losses from changes in fair value	(51,403)	18,875
Foreign exchange gain/loss	1,334	954
Other income	84	94
<b>Operating cost</b>	<b>(2,650)</b>	<b>(3,133)</b>
Interest expenses	(2,081)	(2,503)
Taxes and surcharges	(21)	(23)
Operating and management fees	(548)	(607)
<b>Operating profit</b>	<b>40,771</b>	<b>130,875</b>
Net non-operating income and expenses	(17)	(16)
Less: Income tax expenses	5,291	(8,189)
<b>Net Profit</b>	<b>46,045</b>	<b>122,670</b>

Annual Report 2022



Wechat Account





[www.china-inv.cn](http://www.china-inv.cn)

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