

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



—CIFIL—  
中投國際

**CHINA INVESTMENT FUND INTERNATIONAL HOLDINGS LIMITED**

**中國投資基金國際控股有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 00612)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

**INTERIM RESULTS**

The Board (the “**Board**”) of Directors (the “**Directors**”) of China Investment Fund International Holdings Limited (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2017, together with comparative figures for the corresponding period of 2016.

The unaudited condensed consolidated interim financial statements have been reviewed by the audit committee of the Company.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

	Notes	Six months ended 30 June	
		2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Revenue	4	6,993	568,398
Net realised gain on disposals of available-for-sale financial assets		—	38,327,950
Net realised loss on disposals of financial assets at fair value through profit or loss		—	(16,120,450)
Net unrealised (loss) gain arising on revaluation of financial assets at fair value through profit or loss		(28,359,740)	9,699,920
Loss from changes in fair value of futures contracts		(390,556)	—
		(28,743,303)	32,475,818
Administrative expenses		(34,673,201)	(31,380,772)
Finance costs	6	(2,139,706)	(1,081,842)
(Loss) profit before tax	7	(65,556,210)	13,204
Income tax expense	8	—	(2,998,883)
Loss for the period attributable to owners of the Company		(65,556,210)	(2,985,679)
LOSS PER SHARE	10		
— Basic (HK cents)		(5.79)	(0.27)
— Diluted (HK cents)		(5.79)	(0.27)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2017*

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<i>HK\$</i>	<i>HK\$</i>
	<b>(unaudited)</b>	(unaudited)
Loss for the period attributable to owners of the Company	<u><b>(65,556,210)</b></u>	<u>(2,985,679)</u>
<b>Other comprehensive (expenses) income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(148)	20,156
Net (loss) gain arising on revaluation of available-for-sale financial assets	<b>(559,500)</b>	10,873,490
Reclassification of investment revaluation reserve upon disposals of available-for-sale financial assets	<u>—</u>	<u>(33,084,800)</u>
Other comprehensive expenses for the period, net of tax	<u><b>(559,648)</b></u>	<u>(22,191,154)</u>
Total comprehensive expenses for the period attributable to owners of the Company	<u><b>(66,115,858)</b></u>	<u>(25,176,833)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	<b>14,632,141</b>	3,012,037
Other intangible assets	<i>12</i>	<b>10,228,403</b>	3,612,279
Available-for-sale financial assets	<i>13</i>	<b>57,852,714</b>	58,412,214
Rental deposit		<b>4,655,471</b>	4,655,471
		<u><b>87,368,729</b></u>	<u>69,692,001</u>
<b>Current assets</b>			
Prepayments, deposits and other receivables		<b>24,905,866</b>	15,358,050
Financial assets at fair value through profit or loss	<i>14</i>	<b>21,439,360</b>	46,812,600
Cash and cash equivalents		<b>71,772,439</b>	17,170,079
		<u><b>118,117,665</b></u>	<u>79,340,729</u>
<b>Current liabilities</b>			
Accruals and other payables		<b>1,539,788</b>	2,222,672
Futures contracts	<i>15</i>	<b>390,556</b>	—
Borrowings	<i>16</i>	<b>40,900,000</b>	3,000,000
		<u><b>42,830,344</b></u>	<u>5,222,672</u>
<b>Net current assets</b>		<u><b>75,287,321</b></u>	<u>74,118,057</u>
<b>Total assets less current liabilities</b>		<u><b>162,656,050</b></u>	<u>143,810,058</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

		30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
	<i>Notes</i>		
<b>Non-current liabilities</b>			
Borrowings	<i>16</i>	<b>54,213,505</b>	42,193,144
Advance from a shareholder	<i>17</i>	<b>38,016,988</b>	26,318,619
		<u><b>92,230,493</b></u>	<u>68,511,763</u>
<b>Net assets</b>		<u><b>70,425,557</b></u>	<u>75,298,295</u>
<b>Capital and reserves</b>			
Share capital	<i>18</i>	<b>60,886,100</b>	55,351,000
Reserves		<u><b>9,539,457</b></u>	<u>19,947,295</u>
<b>Total equity</b>		<u><b>70,425,557</b></u>	<u>75,298,295</u>
<b>Net asset value per share</b>	<i>10</i>	<u><b>0.06</b></u>	<u>0.07</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

## 1. CORPORATE INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) since 2 January 2002. The address of the registered office of the Company is located at Unit 6602-03, Level 66, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries are engaged in investing in listed and unlisted investments.

The condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended 31 December 2016.

The condensed consolidated financial statements are unaudited, but have been reviewed by the Company’s audit committee (the “**Audit Committee**”). The condensed consolidated financial statements for the six months ended 30 June 2017 were approved and authorised for issue by the Directors on 23 August 2017.

### **Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are mandatorily effective for the current period**

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) which become effective for the first time in the current interim period:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Amendments to HKFRS 12 included in Annual Improvements to HKFRS 2014-2016 Cycle

The application of these new and revised HKFRSs has had no material impact on the condensed consolidated financial statements.

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

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments <sup>1</sup>
HKFRS 15	Revenue from Contracts with Customers and the related Amendments <sup>1</sup>
HKFRS 16	Leases <sup>2</sup>
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration <sup>1</sup>
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments <sup>2</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>1</sup>
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts <sup>1</sup>
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue Contracts with Customers <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2019.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

The Group has already commenced an assessment of the impact of other new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial positions.

### **3. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate, at the end of reporting period.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

#### 4. REVENUE

Revenue represents interest income from financial institutions and financial assets for the period. An analysis of the Group's revenue for the period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b>HK\$</b>	HK\$
	<b>(unaudited)</b>	(unaudited)
Interest income from:		
Deposits in banks and financial institutions	<b>6,993</b>	7,804
Available-for-sale ("AFS") financial assets	<u>—</u>	<u>560,594</u>
	<b><u>6,993</u></b>	<b><u>568,398</u></b>

#### 5. SEGMENT INFORMATION

For the six months ended 30 June 2017 and 2016 respectively, the Group's revenue was mainly interest income from financial institutions and financial assets. The Directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating profits. The Group's segment revenue, assets and liabilities for the period, analysed by geographical markets, are as follows:



	Hong Kong		PRC		Consolidated	
	six months ended		six months ended		six months ended	
	30 June	30 June	30 June	30 June	30 June	30 June
	2017	2016	2017	2016	2017	2016
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Segment revenue:						
Interest income from deposits in banks and financial institutions	1,210	7,804	5,783	—	6,993	7,804
Interest income from AFS financial assets	—	—	—	560,594	—	560,594
	<u>1,210</u>	<u>7,804</u>	<u>5,783</u>	<u>560,594</u>	<u>6,993</u>	<u>568,398</u>
	Hong Kong		PRC		Consolidated	
	30 June	31 December	30 June	31 December	30 June	31 December
	2017	2016	2017	2016	2017	2016
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	
Non-current assets*	24,860,544	6,624,316	—	—	24,860,544	6,624,316
Total assets	<u>154,282,624</u>	<u>109,569,382</u>	<u>51,203,770</u>	<u>39,463,348</u>	<u>205,486,394</u>	<u>149,032,730</u>
Total liabilities	<u>123,361,961</u>	<u>73,734,003</u>	<u>11,698,876</u>	<u>432</u>	<u>135,060,837</u>	<u>73,734,435</u>
Other segment information:						
Additions to property, plant and equipment	14,000,367	1,879,823	—	—	14,000,367	1,879,823
Additions to other intangible assets	<u>6,616,124</u>	<u>3,612,279</u>	<u>—</u>	<u>—</u>	<u>6,616,124</u>	<u>3,612,279</u>

\* *The non-current assets information above is based on the locations of the assets and excluded AFS financial assets and rental deposit.*

## 6. FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Interest expenses on bank and broker overdrafts	296	1
Interest expenses on interest-bearing bonds	1,056,551	—
Effective interest expenses on interest-bearing loan notes ( <i>Note 16</i> )	1,082,859	1,081,841
	<u>2,139,706</u>	<u>1,081,842</u>

## 7. (LOSS) PROFIT BEFORE TAX

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$</b>	<b>HK\$</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
(Loss) profit before tax has been arrived at after charging the following items:		
Directors' emoluments:		
Fees	1,710,000	2,454,439
Other emoluments	1,267,873	1,281,067
Discretionary bonuses	485,000	—
Retirement benefits scheme contributions	31,904	18,000
Other staff costs:		
Basic salaries and allowances	3,066,623	1,857,873
Discretionary bonuses	277,000	—
Retirement benefits scheme contributions	123,309	83,480
Total staff costs (including Directors' emoluments)	<u>6,961,709</u>	<u>5,694,859</u>
Depreciation on property, plant and equipment	1,646,462	524,573
Loss on write-off of property, plant and equipment	733,801	36,384
Net foreign exchange losses	65,664	621,891
Operating lease charges in respect of rented office premises	<u>6,639,830</u>	<u>3,339,467</u>

## 8. INCOME TAX EXPENSE

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for the period. For the six months ended 30 June 2016, Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits.

	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
	(unaudited)	(unaudited)
Hong Kong Profits Tax:		
— current period	<u>—</u>	<u>2,998,883</u>

No deferred tax asset has been recognised in respect of the unused tax losses due to unpredictability of future profits streams.

## 9. INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

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

### Net asset value per share

The net asset value per share is calculated by dividing the net assets included in the condensed consolidated statement of financial position of HK\$70,425,557 (31 December 2016: HK\$75,298,295) by the number of shares in issue as at 30 June 2017, being 1,217,722,000 (31 December 2016: 1,107,020,000).

### Loss per share

The calculation of basic loss per share is based on:

	Six months ended 30 June	
	2017	2016
	HK\$	HK\$
	(unaudited)	(unaudited)
Loss attributable to owners of the Company	<u>65,556,210</u>	<u>2,985,679</u>
Weighted average number of ordinary shares in issue*	<u>1,132,463,112</u>	<u>1,123,625,300</u>

\* *The weighted average number of ordinary shares for the six months ended 30 June 2017 and 2016 for the purpose of calculating basic loss per share has been adjusted for the open offer on the basis of one offer share for every ten shares held on the record date.*

No adjustment had been made to basic loss per share amount presented for six months ended 30 June 2017 in respect of a dilution as the impact of share option outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

#### 11. PROPERTY, PLANT AND EQUIPMENT

	<b>30 June 2017 HK\$ (unaudited)</b>	31 December 2016 HK\$ (audited)
Carrying amounts as at 1 January	<b>3,012,037</b>	2,761,880
Additions	<b>14,000,367</b>	1,879,823
Depreciation	<b>(1,646,462)</b>	(1,018,887)
Write-off	<b>(733,801)</b>	(36,384)
Disposal of a subsidiary	<b>—</b>	(574,395)
	<b><u>14,632,141</u></b>	<u>3,012,037</u>
Carrying amount, at end of the period/year	<b><u>14,632,141</u></b>	<u>3,012,037</u>

#### 12. OTHER INTANGIBLE ASSETS

	<b>30 June 2017 HK\$ (unaudited)</b>	31 December 2016 HK\$ (audited)
Carrying amounts as at 1 January	<b>3,612,279</b>	—
Additions	<b><u>6,616,124</u></b>	<u>3,612,279</u>
Carrying amounts, at end of the period/year	<b><u>10,228,403</u></b>	<u>3,612,279</u>

### 13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30 June 2017 HK\$ (unaudited)</b>	31 December 2016 HK\$ (audited)
Listed equity securities, at cost ( <i>Note 1</i> )	<b>12,976,745</b>	12,976,745
Fair value adjustments	<b>(9,619,745)</b>	(9,060,245)
	<b><u>3,357,000</u></b>	<u>3,916,500</u>
Unlisted equity securities, at cost ( <i>Note 2</i> )	<b>77,975,000</b>	77,975,000
Fair value adjustments	<b>(23,479,286)</b>	(23,479,286)
	<b><u>54,495,714</u></b>	<u>54,495,714</u>
Total	<b><u>57,852,714</u></b>	<u>58,412,214</u>
Analysed for reporting purpose as:		
Non-current assets	<b><u>57,852,714</u></b>	<u>58,412,214</u>

*Note 1:* The fair values of listed equity securities are based on their quoted closing price in an active market.

*Note 2:* The Directors of the Company consider the carrying amounts of the unlisted equity securities as at 30 June 2017 approximate their fair value.

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

	<b>30 June 2017 HK\$ (unaudited)</b>	31 December 2016 HK\$ (audited)
Financial assets at held for trading		
— Equity securities listed in Hong Kong, at market value	<b><u>21,439,360</u></b>	<u>46,812,600</u>

The fair values of listed securities are based on their quoted closing prices in an active market.

## 15. FUTURES CONTRACTS

	<b>30 June 2017 HK\$ (unaudited)</b>	31 December 2016 HK\$ (audited)
Derivatives not under hedge accounting:		
Fair value of gold futures contracts — liabilities	<b><u>390,556</u></b>	<u>—</u>

Changes in the fair values of gold futures contracts were losses of HK\$390,556 (six months ended 30 June 2016: Nil) and were recognised in the condensed consolidated statement of profit or loss.

## 16. BORROWINGS

	<i>Notes</i>	<b>30 June 2017 HK\$ (unaudited)</b>	31 December 2016 HK\$ (audited)
Interest-bearing loan notes, unsecured	<i>(a)</i>	<b>42,213,505</b>	42,193,144
Interest-bearing bonds, unsecured	<i>(b)</i>	<b>40,900,000</b>	3,000,000
Other loans, unsecured	<i>(c)</i>	<b><u>12,000,000</u></b>	<u>—</u>
		<b>95,113,505</b>	45,193,144
Less: Amount classified as current liabilities		<b><u>(40,900,000)</u></b>	<u>(3,000,000)</u>
Amount classified as non-current liabilities		<b><u>54,213,505</u></b>	<u>42,193,144</u>
Borrowings classified under current liabilities analysed by:			
Interest-bearing bonds, unsecured		<b>28,900,000</b>	3,000,000
Other loans, unsecured		<b><u>12,000,000</u></b>	<u>—</u>
		<b><u>40,900,000</u></b>	<u>3,000,000</u>

(a) **Interest-bearing loan notes**

The Company issued an unsecured interest-bearing loan notes (the “**Notes**”) to independent private investors through the placing agent in an aggregate principal amount of HK\$30,000,000 with effective date from 29 April 2015 and 30 April 2015 which is repayable on the date falling 8 years from the date of issue of the Notes, which is 28 April 2023 and 29 April 2023, and a principal amount of HK\$12,500,000 with effective date from 9 September 2015 which is repayable on the date falling 8 years from the date of issue of the Notes (the “**Maturity Date**”). The Company has the right at any time after the second year of the issue date of the Notes to the Maturity Date, which is 8 September 2023 to redeem the whole or part of the outstanding Notes at the redemption amount with not less than 15 business days written notice, specifying the amount to be redeemed and the date of such redemption (the “**Redemption Right**”). But the noteholder has no right to require the Company to redeem the Notes before the Maturity Date.

The Notes carry interest at the fixed rate of 5% per annum payable semi-annually in arrears on 31 March and 30 September in each year (“**Interest Payment Date**”), provided that the first Interest Payment Date shall fall on 31 March 2016 and the final repayment of the interest shall be on the Maturity Date.

On initial recognition, the Directors consider that the principal amount of the Notes approximates their fair value.

The Redemption Right is regarded as embedded derivative in the host contract. The Redemption Right is not recognised in the condensed consolidated financial statements since the Directors consider that the probability of the Company exercising its Redemption Right is remote. The Directors have assessed the fair values of the Redemption Right at initial recognition and at the end of the reporting period and in view that the Company has no intention to exercise its Redemption Right before maturity dates, the Directors consider that the fair values of the Redemption Right were insignificant. Accordingly, the fair value of the Redemption Right was not accounted for in the condensed consolidated financial statements as at 30 June 2017.

The Notes are measured at amortised cost, using the effective interest method. The effective interest rates of the Notes range from 5.08% to 5.15%.

The Notes recognised in the condensed consolidated statement of financial position of the Group is calculated as follows:

	<i>HK\$</i>
Fair value of the Notes on initial recognition	42,500,000
Direct transaction costs	<u>(366,130)</u>
	<u>42,133,870</u>
At 1 January 2016	43,355,361
Effective interest expenses	2,164,184
Interest paid	<u>(3,326,401)</u>
At 31 December 2016 and 1 January 2017	42,193,144
Effective interest expenses ( <i>Note 6</i> )	1,082,859
Interest paid	<u>(1,062,498)</u>
At 30 June 2017	<u>42,213,505</u>

**(b) Interest-bearing bonds**

During the six months ended 30 June 2017, the Company issued and repaid unsecured interest-bearing bonds with principal amount in aggregate of HK\$50,900,000 and HK\$13,000,000 respectively, which bear interest ranging from 7% p.a. to 18% p.a. and which maturity from three months to five years.

**(c) Other loans**

The Company had outstanding unsecured loans with principal amount in aggregate of HK\$12,000,000, which bear interest at 1% per month and mature within 3 months.

**17. ADVANCE FROM A SHAREHOLDER**

The advance from a shareholder of the Company is unsecured, interest-free and has no fixed term of repayment. The Company is not required to settle the outstanding balance within one year after the end of reporting date.



## 18. SHARE CAPITAL

	Number of ordinary share of HK\$0.05 each	Nominal value HK\$
Authorised:		
<b>At 1 January 2016, 31 December 2016 and 30 June 2017</b>	<b><u>4,000,000,000</u></b>	<b><u>200,000,000</u></b>
Issued and fully paid:		
<b>At 1 January 2016, 31 December 2016 and 1 January 2017</b>	<b>1,107,020,000</b>	<b>55,351,000</b>
<b>Issue of shares under the Open Offer (Note)</b>	<b><u>110,702,000</u></b>	<b><u>5,535,100</u></b>
<b>At 30 June 2017</b>	<b><u>1,217,722,000</u></b>	<b><u>60,886,100</u></b>

*Note:*

On 26 April 2017, the Company announced that it proposed to raise not less than approximately HK\$62 million and not more than approximately HK\$66 million before expenses by issuing not less than 110,702,000 offer shares and not more than 117,792,552 offer shares at the subscription price of HK\$0.56 per offer share on the basis of one offer share for every ten existing shares held on the record date (the “**Open Offer**”). On 26 April 2017, the Company entered into underwriting agreement with the underwriter (the “**Underwriter**”) pursuant to which the Open Offer was fully underwritten by the Underwriter.

On 13 June 2017, upon the completion of the open offer, the Company issued 110,702,000 new ordinary shares of HK\$0.05 each at a subscription price of HK\$0.56 for a total consideration, before related expenses of approximately HK\$62 million. Details and results of the Open Offer were set out in the Company’s announcement dated 27 April 2017 and 9 May 2017 and prospectus dated 19 May 2017.

## 19. RELATED PARTY AND CONNECTED TRANSACTIONS

### Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	Six months ended 30 June	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Directors' fee	1,710,000	2,454,439
Other emoluments	1,267,873	1,281,067
Discretionary bonuses	485,000	—
Retirement benefits scheme contributions	31,904	18,000
	<u>3,494,777</u>	<u>3,753,506</u>

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 20. COMMITMENTS

### (a) The Group as lessee

At the end of the current interim period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises as follows:

	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
	Within one year	8,169,672
In the second to fifth year inclusive	11,143,787	14,520,692
	<u>19,313,459</u>	<u>26,124,739</u>

Operating lease payments represent rental payables by the Group for its office premises. Leases are negotiated and fixed respectively for a term of one to three years.

### (b) Capital commitments

As at 30 June 2017, the Group had outstanding purchase agreement which entailed capital commitments to complete the acquisition of property, plant and equipment for HK\$119,800 (31 December 2016: HK\$7,207,795).

## 21. CONTINGENT LIABILITIES

As at 30 June 2017 and 2016, the Group had no material contingent liabilities.

## 22. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

The Group acquired the entire interests in Fundamental Dynamics (HK) Limited (“**Fundamental Dynamics**”). The acquisition was completed on 22 June 2017.

Fundamental Dynamics is principally engaged in holding of type 9 regulated activity license under classified as an intangible asset at entity level for own use.

In the opinion of the Directors, the acquisition is in substance an acquisition of an intangible asset, instead of acquisition of business and therefore are excluded from the scope of HKFRS 3 “Business Combination”. Therefore, the acquisitions are not disclosed as a business combination in accordance with the requirements of HKFRS 3.

The assets acquired through these transactions are as follow:

	<i>HK\$</i>
Intangible asset	6,616,124
Deposits and other receivables	120,020
Cash and bank balances	320,542
Accruals and other payables	<u>(56,686)</u>
Total consideration satisfied by cash	<u>7,000,000</u>
Net Cash outflow arising from acquisitions:	
Cash consideration paid	<u>7,000,000</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

During the six months ended 30 June 2017, the Group reported a loss of approximately HK\$65.6 million (six months ended 30 June 2016: loss of approximately HK\$3.0 million). The increase in loss was mainly attributed to the increase in net unrealised loss arising on revaluation of financial assets at fair value through profit or loss.

#### **Securities investments**

For the period ended 30 June 2017, the Group recorded a revenue of approximately HK\$7,000 (2016: approximately HK\$568,000), decreased by approximately HK\$561,000 as compared to the corresponding period in 2016. The Group recorded a net unrealised loss arising on revaluation of financial assets at fair value through profit or loss of approximately HK\$28,360,000 (2016: net unrealised gain of approximately HK\$9,700,000). The Group made a loss from changes in fair value of futures contracts of approximately HK\$391,000.

#### **Investment in listed shares**

As at 30 June 2017, listed shares included in the Group's available-for-sale financial assets, amounted to approximately HK\$3,357,000 (31 December 2016: approximately HK\$3,917,000) and the financial assets at fair value through profit or loss amounted to approximately HK\$21,439,000 (31 December 2016: approximately HK\$46,813,000).

#### **Investment in unlisted shares**

As at 30 June 2017, the Group's investment portfolio in unlisted shares consisted of Mountain Gold Holdings Inc. ("Mountain Gold") of approximately HK\$39,286,000 (31 December 2016: approximately HK\$39,286,000) and Galaxy Automotive MS Inc. ("**Galaxy AMS**") of approximately HK\$15,210,000 (31 December 2016: approximately HK\$15,210,000).

In October 2015, the Group acquired 6.4% equity interest in Mountain Gold, a company principally engaged in the mining industry with an underground high-grade gold mine and exploration property located in Guizhou, the People's Republic of China, with a mining license called Jinping County Jinchangxi-Bize Gold Mine with an area of 0.8934 km<sup>2</sup> and an exploration license called Jinping County Shierpan Gold Detailed Exploration Property with an area of 3.64 km<sup>2</sup>. The total resource was estimated to be 21.6 tons of gold at a grade of 10.37g/t gold in compliance with the JORC Code. Mining, processing and administration facilities plant were constructed in place. The validity period of the mining license and the exploration license is from August 2015 to October 2021 and from 29 May 2016 to 28 May 2018 respectively.

In August 2015, the Group acquired 29% equity interest in Galaxy AMS, a company principally engaged in the research and development and manufacturing of high-quality auto parts as well as research and development and sales of automobile system solutions. Galaxy AMS's current sales market includes China, Taiwan, Hong Kong and Macau. The racing team which was sponsored by Galaxy AMS had been awarded with numerous trophies in a variety of regional events in the past few years. Recognition of its products and automobile system solutions is on the rise in the industry and the retail market.

#### **Investment in futures contracts**

As at 30 June 2017, the Group recognised fair value loss on gold futures contracts of approximately HK\$391,000 as financial liability.

#### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group had cash and cash equivalents of approximately HK\$71,772,000 as at 30 June 2017 (31 December 2016: approximately HK\$17,170,000). As at 30 June 2017, the Group had the long-term debts which are unsecured interest-bearing loan notes, unsecured interest-bearing bonds and advance from a shareholder in an aggregate amount of approximately HK\$92,230,000 (31 December 2016: approximately HK\$68,512,000). Apart from the long-term debts, the Group had the short-term debts consisting of unsecured interest-bearing bonds and unsecured loans of approximately HK\$40,900,000 (31 December 2016: approximately HK\$3,000,000). Cash and cash equivalents of approximately HK\$71,772,000 (31 December 2016: approximately HK\$17,170,000) represented approximately 34.9% (31 December 2016: 11.5%) of the Group's total assets as at 30 June 2017 and 31 December 2016.

As at 30 June 2017, the Group's gearing ratio was approximately 189% (31 December 2016: approximately 95%), which was defined as the ratio of total borrowings to total equity.

## **FOREIGN CURRENCY EXPOSURE**

Exchange risk of the Group is minimal as the assets of the Group are substantially denominated in Hong Kong dollars. It is the Group's policy to adopt a prudent financial management strategy to meet risk fluctuation and investment opportunities.

## **CAPITAL STRUCTURE**

On 13 June 2017, upon the completion of the Open Offer, the Company issued 110,702,000 new ordinary shares of HK\$0.05 each at a subscription price of HK\$0.56 for a total consideration, before related expenses, of approximately HK\$62 million.

## **COMMITMENTS**

Details of the commitments of the Group are set out in note 20 to the condensed consolidated financial statements.

## **CONTINGENT LIABILITIES**

As at 30 June 2017, the Group had no material contingent liabilities.

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 June 2017, the Group had 17 employees and 9 Directors. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.

## **ESTABLISHMENT OF SUBSIDIARIES AND DISPOSAL OF SUBSIDIARIES**

Total 8 subsidiaries were established or acquired and no subsidiary was disposed during the period.

## **PROSPECT**

In the first half of this year, the economic environment for investment remain challenging. The Federal Reserve has been talking about reducing its balance sheet for a while and one more rate hike before the year is over. The geo-political conflict in the Middle East, Northeast Asia, and the India subcontinent keep on rising. Under such uncertain investment environment, the Directors will take prudent strategies to manage our portfolio.

**DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS**

As at 30 June 2017, the interests and short positions of each Director and the chief executives of the Company in the shares and the underlying shares of the Company and any associated corporations (as defined in Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) were as follows:

**(i) Long positions in shares as at 30 June 2017**

<b>Name of Director</b>	<b>Capacity</b>	<b>Notes</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
Sui Guangyi (“Mr. Sui”)	Beneficial owner		149,582,400	12.28%
Mr. Sui	Interest of controlled corporation	(1)	198,030,400	16.26%
Ma Xiaoqiu	Beneficial owner		10,520,000	0.86%

**(ii) Long positions in underlying shares as at 30 June 2017**

<b>Name of Director</b>	<b>Capacity</b>	<b>Notes</b>	<b>Number of underlying shares</b>	<b>Approximate percentage of shareholding</b>
Luk Hong Man, Hammond	Beneficial owner	(2)	6,076,597	0.49%
Zhang Xi	Beneficial owner	(2)	6,076,597	0.49%
Wang Mengtao	Beneficial owner	(3)	3,000,000	0.24%
Leung Ka Fai	Beneficial owner	(3)	3,000,000	0.24%
Jing Siyuan	Beneficial owner	(3)	800,000	0.06%
Zhang Aimin	Beneficial owner	(3)	800,000	0.06%
Zhang Qiang	Beneficial owner	(3)	800,000	0.06%

*Notes:*

- (1) These shares are held by HK DYF Int'l Holding Group Limited, which is held as to 74.55% by Shenzhen Ding Yi Feng Assets management Co., Ltd. which is in turn held as to 29.39% by Mr. Sui. Mr. Sui is deemed to be interested in these shares by virtue of the SFO.
- (2) 776,597 share options are at an exercise price of HK\$0.729 per share of the Company with exercise period from 17 June 2015 to 16 June 2025. 5,300,000 share options are at an exercise price of HK\$0.808 per share of the Company with exercise period from 16 November 2016 to 15 November 2026.
- (3) There share options are at an exercise price of HK\$0.808 per share of the Company with exercise period from 16 November 2016 to 15 November 2026.

Save as disclosed above, at 30 June 2017, none of the Directors nor chief executives of the Company had or was deemed to have any interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be maintained under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

#### **SUBSTANTIAL SHAREHOLDER**

As at 30 June 2017, the following person's interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company or recorded in the register of substantial shareholders' interest in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

<b>Name</b>	<b>Number of Shares</b>	<b>Type of interest</b>	<b>Approximately percentage of total issued share capital of the Company</b>
HK DYF Int'l Holding Group Limited	198,030,400	Beneficial owner	16.26%
Shenzhen Ding Yi Feng Assets Management Co., Ltd. ( <i>Note 1</i> )	198,030,400	Interest of controlled corporation	16.26%
Mr. Sui ( <i>Note 2</i> )	347,612,800	Beneficial owner and Interest of controlled corporation	28.54%



*Note 1:* Shenzhen Ding Yi Feng Assets Management Co., Ltd. is deemed to be interested in 198,030,400 shares through her controlling interest (74.55%) in HK DYF Int'l Holding Group Limited.

*Note 2:* 198,030,400 of these shares are held by HK DYF Int'l Holding Group Limited, which is held as to 74.55% by Shenzhen Ding Yi Feng Assets Management Co., Ltd., which is in turn held as to 29.39% by Mr. Sui. Mr. Sui is deemed to be interested in these shares by virtue of the SFO.

Save as disclosed above, the Directors are not aware of any person who has an interest or short position in the shares or underlying shares of the Company (which is discloseable under Divisions 2 and 3 of the Part XV of the SFO), or is directly or is indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group (which is discloseable under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)).

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

During the six months ended 30 June 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 June 2017, the Company had complied with all the applicable provisions of the Corporate Governance Code (the “**Code Provision**”) as set out in Appendix 14 to the Listing Rules.

## **AUDIT COMMITTEE**

The Audit Committee currently comprised solely of independent non-executive Directors, namely, Ms. Jing Siyuan (chairman), Mr. Zhang Aimin and Mr. Zhang Qiang. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The unaudited interim results of the Group for the six months ended 30 June 2017 have been reviewed by the Audit Committee.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on both the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.cifund.com.hk](http://www.cifund.com.hk). The Company's interim report for the six months ended 30 June 2017 will be published at the same websites and will be despatched to the Company's shareholders in due course.

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

Hong Kong, 23 August 2017

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