



**CHINA INVESTMENT
DEVELOPMENT LIMITED**

中國投資開發有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 204)

Interim Report 2014

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Chan Cheong Yee

Non-executive Director

Mr. Chen Yin (*Chairman*)

Independent Non-executive Directors

Mr. Fong Wo, Felix
Mr. Leung Wing Kin
Mr. Leung Chi Kong

AUDIT COMMITTEE

Mr. Fong Wo, Felix
Mr. Leung Wing Kin
Mr. Leung Chi Kong

REMUNERATION COMMITTEE

Mr. Chen Yin
Mr. Fong Wo, Felix
Mr. Leung Wing Kin
Mr. Leung Chi Kong

NOMINATION COMMITTEE

Mr. Chen Yin
Mr. Fong Wo, Felix
Mr. Leung Wing Kin
Mr. Leung Chi Kong

CHIEF EXECUTIVE OFFICER

Mr. Zhang Xuming

COMPANY SECRETARY

Mr. Liu Jiazhen

INVESTMENT MANAGER

China Everbright Securities (HK) Limited

CUSTODIAN

China Everbright Securities (HK) Limited

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
China Citic Bank International Limited
Dah Sing Bank, Limited

AUDITORS

BDO Limited
Certified Public Accountants

LEGAL ADVISERS

Hong Kong Law
Michael Li & Co.

Bermuda Law

Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR

MUFG Fund Service (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road, Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
18/F, Asia Orient Tower
Town Place, 33 Lockhart Road
Wanchai, Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Suites 2706-07, 27/F
Dah Sing Financial Center
108 Gloucester Road
Wanchai, Hong Kong

WEBSITE

www.cidl.com.hk

STOCK CODE

204

INTERIM RESULTS

The board of directors (the "Board") of China Investment Development Limited (the "Company") hereby announced the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2014 (the "Period") together with the comparative figures for the corresponding period in 2013. The unaudited results for the Period have been reviewed by the Company's Audit Committee and are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2014

	Notes	Six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	4	86	158
Other income	4	167	45
Change in fair value of financial assets at fair value through profit or loss		(1,973)	253
Net realised loss on disposals of financial assets at fair value through profit or loss		(1,837)	–
Equity-settled share-based payment		(72,592)	–
Administrative expenses		(7,145)	(6,850)
Finance cost	5	(32)	(28)
Share of loss of an associate		(1)	(8)
Loss before income tax expense	6	(83,327)	(6,430)
Income tax expense	7	–	–
Loss for the period attributable to owners of the Company		(83,327)	(6,430)
Dividend	8	–	–
Loss per share			
Basic (HK cents per share)	9	(0.10)	(0.99)
Diluted (HK cents per share)	9	(0.10)	(0.99)
Proceeds from disposals of financial assets at fair value through profit or loss		147,587	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2014

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Loss for the period attributable to owners of the Company	(83,327)	(6,430)
Other comprehensive income:		
Change in fair value of available-for-sale financial assets	3,137	–
Exchange difference arising from an associate during the period	18	97
Other comprehensive income for the period, net of tax	3,155	97
Total comprehensive expenses attributable to owners of the Company	(80,172)	(6,333)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2014

	Notes	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		856	508
Interest in an associate	10	6,187	6,170
Available-for-sale financial asset	11	58,129	14,900
		<u>65,172</u>	<u>21,578</u>
Current assets			
Financial assets at fair value through profit or loss	12	2,189	27,795
Other receivables, deposits and prepayments		20,778	22,570
Bank and cash balances		103,956	73,083
		<u>126,923</u>	<u>123,448</u>
Current liabilities			
Other payables and accrued charges		1,040	1,589
Amounts due to directors		–	1,608
		<u>1,040</u>	<u>3,197</u>
Net current assets		<u>125,883</u>	<u>120,251</u>
Net assets		<u>191,055</u>	<u>141,829</u>

		30 September	31 March
		2014	2014
	Notes	HK\$'000	HK\$'000
		(unaudited)	(audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital	13	8,333	7,725
Reserves		182,722	134,104
Total equity		191,055	141,829
Net asset value per share	14	HK\$0.23	HK\$0.18

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2014

	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2014 (audited)	7,725	207,212	(1,490)	54,783	125	(126,526)	141,829
Shares issued by placing	220	31,680	-	-	-	-	31,900
Share issue expenses	-	(261)	-	-	-	-	(261)
Share issued in acquisition of investment	78	16,394	-	-	-	-	16,472
Share issued under share option scheme	310	12,235	-	(3,850)	-	-	8,695
Recognition of share options	-	-	-	72,592	-	-	72,592
Loss for the Period	-	-	-	-	-	(83,327)	(83,327)
Other comprehensive income							
— Change in fair value of available-for-sale financial assets	-	-	3,137	-	-	-	3,137
— Exchange difference arising from an associate during the Period	-	-	-	-	18	-	18
At 30 September 2014 (unaudited)	<u>8,333</u>	<u>267,260</u>	<u>1,647</u>	<u>123,525</u>	<u>143</u>	<u>(209,853)</u>	<u>191,055</u>
At 1 April 2013 (audited)	6,449	61,029	-	4,730	66	(38,183)	34,091
Issue of shares	400	19,600	-	-	-	-	20,000
Share issue expenses	-	(193)	-	-	-	-	(193)
Lapse of share option	-	-	-	(2,966)	-	2,966	-
Loss for the Period	-	-	-	-	-	(6,430)	(6,430)
Other comprehensive income							
— Exchange difference arising from an associate during the Period	-	-	-	-	97	-	97
At 30 September 2013 (unaudited)	<u>6,849</u>	<u>80,436</u>	<u>-</u>	<u>1,764</u>	<u>163</u>	<u>(41,647)</u>	<u>47,565</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2014*

	Six months ended	
	30 September	
	2014	2013
	HK'000	HK'000
	(unaudited)	(unaudited)
Net cash generated/(used in) from operating activities	5,642	(8,444)
Net cash (used in)/from investing activities	(15,102)	1,639
Net cash from financing activities	40,333	16,908
Net increase/(decrease) in cash and cash equivalents	30,873	10,103
Cash and cash equivalents at 1 April	73,083	6,630
Cash and cash equivalents at 30 September	103,956	16,733
Analysis of the balance of cash and cash equivalents		
Bank balances	13,912	16,733
Fixed deposits	90,044	—

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2014

1. GENERAL INFORMATION

China Investment Development Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 25 March 1998 and was de-registered on 11 March 2011 and was registered by way of continuation as an exempted company in Bermuda on 2 March 2011. The Company’s shares have been listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 12 December 2000. Its registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal office in Hong Kong is located at Suites 2706–2707, 27/F, Dah Sing Financial Center, 108 Gloucester Road, Wanchai, Hong Kong.

The Company is principally engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 March 2014 which has been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”). The accounting policies and basis of preparation used in the preparation of unaudited condensed consolidated financial statements are consistent with those applied in the Company’s audited consolidated financial statements for the year ended 31 March 2014. The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

Except for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2014, the significant judgement in applying accounting policies and the key sources of accounting estimates used in the unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Company's consolidated financial statements for the year ended 31 March 2014. The application of the new and revised HKFRSs have not had material impact on the results and financial positions of the Group for the current or prior accounting periods.

The Group has not yet early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective. The Group is in the process of assessing the potential impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs will have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. For the six months ended 30 September 2014 and 2013, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each business line or geographical area and the executive directors reviewed the financial result of the Group as a whole reported under HKFRSs. Therefore, the executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in investment holding. The executive directors allocate resources and assess performance on an aggregated basis. Accordingly, no operating segment is presented.

The following table provides an analysis of the Group's revenue and non-current assets including property, plant and equipment, interest in an associate and available-for-sale financial asset (i.e. "specified non-current assets") by geographical locations, determined based on physical location of the assets or location of operations in case of interest in an associate and available-for-sale financial asset, is as follows:

	Revenue from external customers		Specified non-current assets	
	Six months ended		30	
	30 September	September	31	March
	2014	2013	2014	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
Hong Kong	86	158	856	508
Other regions of People's Republic of China (the "PRC")	—	—	64,316	21,070
	<u>86</u>	<u>158</u>	<u>65,172</u>	<u>21,578</u>

4. REVENUE AND OTHER INCOME

An analysis of revenue and other income are as follows:

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue:		
Interest income from available-for-sale financial assets	–	158
Interest income from assets at fair value through profit or loss	66	–
Dividend income from listed investments	20	–
	<u>86</u>	<u>158</u>
Other income:		
Bank interest income	159	–
Written back of other payables	–	45
Sundry income	10	–
	<u>169</u>	<u>45</u>
Total revenue and other income	<u>255</u>	<u>203</u>

5. FINANCIAL COST

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Interest on borrowings wholly repayable within five years:		
Interest expenses	32	28
Total finance cost	<u>32</u>	<u>28</u>

6. LOSS BEFORE INCOME TAX EXPENSE

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Staff costs		
Salaries	1,607	1,217
Provident fund contributions	28	13
Equity-settled share-based payment	16,586	–
Total staff costs excluding directors' remuneration	<u>18,221</u>	<u>1,230</u>
Auditor's remuneration	175	132
Depreciation	135	456
Directors' remuneration (excluding equity-settled share-based payment)	616	908
Equity-settled share-based payment		
Director	6,480	–
Others	66,112	–
Total equity-settled share-based payment	<u>72,592</u>	<u>–</u>
Investment managers' fee	360	360
Rent and rates	943	2,491

7. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2013: 16.5%) on the estimated assessable profits for the period. Overseas tax is calculated at the rates applicable in the respective jurisdictions. No provision for income tax expense is required since the Group has no assessable profits either arising from Hong Kong or other jurisdictions during the six months ended 30 September 2014 (six months ended 30 September 2013: nil).

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

8. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: nil).

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(83,327)</u>	<u>(6,430)</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>799,686,160</u>	<u>649,440,924</u>

No diluted loss per share has been presented as the potential ordinary share in respect of outstanding share options is anti-dilutive effect for both periods.

10. INTEREST IN AN ASSOCIATE

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Cost of Investment in an associate	<u>6,080</u>	6,080
Exchange differences	<u>143</u>	125
Share of loss of an associate	<u>(36)</u>	(35)
	<u>6,187</u>	<u>6,170</u>

Details of the associate are as follows:

Name of associate	Place of establishment/ operation	Form of business structure	Issued and fully paid registered capital	Percentage of equity held by the Group	Proportion of voting power	Principal activities
Bonicast Construction Material (Beijing) Co., Ltd.	PRC	Corporation	Registered RMB10,000,000	49%	20% (note)	Trading of construction materials

Note: The Group is able to exercise significant influence over Bonicast Construction Material (Beijing) Co., Ltd. because it has the power to appoint one out of five directors of that company under the articles of association of that company. No dividend was received during the six months ended 30 September 2014 (six months ended 30 September 2013: nil).

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Unlisted equity securities, at fair value	51,700	14,900

As at 30 September 2014, the Group held the following available-for-sale financial assets:

Name of investee company	Note	Place of incorporation	Percentage of effective interest held	Fair value HK\$'000	
				30.9.2014 (unaudited)	31.03.2014 (audited)
Tianjin Bao Xin Ying Precious Metal Management Limited	(a)	PRC	12.00%	9,669	7,100
Guang Zhou Shi Da Jian Credit Guarantee Limited	(b)	PRC	11.59%	8,037	7,800
China Petroleum Bio-energy Company Limited	(c)	Hong Kong	5.69%	27,331	–
Yenbo Gain Limited	(d)	BVI	18.18%	13,092	–

Notes:

- (a) Tianjin Bao Xin Ying Precious Metal Management Limited is principally engaged in the trading of precious metals and gold products and investment advisory in Tianjin, the PRC. The initial cost of investment is HK\$6,590,000.
- (b) Guangzhou Shi Da Jian Credit Guarantee Limited is principally engaged in providing credit guarantee service in the PRC. The initial cost of investment is HK\$9,800,000.
- (c) China Petroleum Bio-energy Company Limited is principally engaged in research, development and promotion of biomass energy and other agricultural related products. One of its subsidiary companies has obtained the development and operation right of a piece of land in Xinjiang Province, which is under construction and plantation of bio-oil crops and shelter belt plants. The initial cost of investment is HK\$27,000,000.
- (d) Yenbo Gain Limited is principally engaged in cultivation and research of the fine and new varieties forest products together with the research and promotion of product cultivation technology for producing clean energy purposes. The initial cost of investment is HK\$13,092,000.

The Group does not own or control more than 20% of the voting rights in any one of these investee companies. In the opinion of the directors, the Group is not able to exercise any significant influence on the financial and operating policies on these investee companies, and therefore all of these investments are not regarded as associates of the Group and are accounted for as available-for-sale financial assets for the Period.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2014 HK\$'000 (unaudited)	31 March 2014 HK\$'000 (audited)
Hong Kong listed securities, at market value (note a)	2,189	20,282
Investments in convertible bonds, at fair value (note b)	–	7,513
	2,189	27,795

Notes:

- (a) As at 30 September 2014, the Group held the following Hong Kong listed securities:

Name	Number of shares held	Percentage of interest held	Cost HK\$'000	Market value HK\$'000
K&P international Holdings Limited (stock code: 00675.HK)	300,000 ordinary share	0.112%	323	264
Tracker Fund of Hong Kong (stock code: 02800.HK)	20,000 units	0.00083%	498	476
CITIC Limited (stock code: 00267.HK)	30,000 ordinary share	0.00012%	482	446
China Fiber Optic Network System Group Ltd. (stock code: 03777.HK)	400,000 ordinary share	0.0229%	979	900

The fair values of the Group's investment in listed equity securities are based on quoted market price.

- (b) On 29 June 2012, the Company invested in the 3% unsecured convertible bonds issued by Venture Champion Limited ("Venture") at a face value of HK\$6,600,000, bearing coupon interest rate of 3% per annum. Venture is an investment holding company and its business is principally engaged in professional stage performance and provision of training in art and cultural activities in the PRC. The convertible bonds due on 29 June 2016 are convertible into fully paid ordinary shares of Venture with a par value of US\$1.00 each at a conversion price of HK\$200,000 per share. The Company can exercise the conversion at any time until the maturity date. The convertible bonds in the principal amount of HK\$6,600,000 with accrued interest up to 31 July 2014 amounting to approximately HK\$327,000 was fully redeemed by Venture within the Period.

13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.01 each	Nominal value HK\$'000
Authorised:		
At 31 March 2014 and 30 September 2014	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 31 March 2014	772,450,760	7,725
Shares issued by Placing (<i>note a</i>)	22,000,000	220
Share issued in acquisition of equity investments (<i>note b</i>)	7,800,727	78
Shares issued under share option scheme (<i>note c</i>)	<u>31,000,000</u>	<u>310</u>
At 30 September 2014	<u>833,251,487</u>	<u>8,333</u>

Notes:

- (a) On 20 August 2014, the Company entered into a placing agreement for placing of up to 22,000,000 new shares of the Company at a price of HK\$1.45 per placing share. The placing was completed on 29 August 2014. The net proceeds from the placing, after deducting the placing fees and other expenses incidental to the placing, is approximately HK\$31,600,000. The aggregate nominal value of the placing shares issued is HK\$220,000.
- (b) On 2 May 2014, the Company entered into an agreement to acquire the sale shares for a total consideration of HK\$9,200,000 by issuing 3,755,102 consideration shares at an issue price of HK\$2.45 per share. On 9 June 2014, issue of consideration shares was completed and the aggregate nominal value is HK\$37,551. On 12 June 2014, the Company entered into an agreement to acquire additional sale shares with the same vendor for a total consideration of HK\$4,000,000 by issuing 2,000,000 consideration shares at an issue price of HK\$2.00 per share. On 9 July 2014, issue of consideration shares was completed and the aggregate nominal value is HK\$20,000.

On 12 August 2014, the Company entered into an agreement with another vendor to acquire the sales shares for a total consideration of HK\$3,273,000 by issuing 2,045,625 consideration shares at an issue price of HK\$1.60 per share. On 19 August 2014, issue of consideration shares was completed and the aggregate nominal value is HK\$20,456.

- (c) Within the Period, the subscription rights attaching to 30,500,000 and 500,000 share options were exercised at the subscription price of HK\$0.2552 and HK\$1.824 per share respectively, resulting in the issue of 31,000,000 shares of HK\$0.01 each with total aggregate nominal value of HK\$310,000, for a total consideration, before expenses, of HK\$8,695,600.

14. NET ASSET VALUE PER SHARE

Net asset value per share is calculated by dividing the net assets included in the condensed consolidated statement of financial position of approximately HK\$191,055,000 (31 March 2014: HK\$141,829,000) and the number of ordinary shares in issue as at 30 September 2014, being 833,251,487 (31 March 2014: 772,450,760).

15. RELATED PARTY TRANSACTIONS

- (a) Compensation of key management personnel, including the directors and other members of key management, during the period is as follows:

	Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Salaries, equity-settled share-based payment, allowances and benefits in kind	9,661	908

- (b) During the period, the Group entered into the following transactions with related parties:

Name of related party	Nature of transaction	Six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
China Everbright Securities (HK) Limited ("China Everbright") (note i)	Investment manager fee	360	300
China Everbright	Placing commission fee	–	180
China Everbright	Broker commission charge	587	–
China Everbright	Interest expenses	32	–
Mr. Chen Yin (note ii)	Interest expense on borrowing	–	2

Notes:

- (i) On 30 April 2012, the Company entered into an investment management agreement with China Everbright for a period of three years effective from 1 May 2012. The annual investment manager's fee payable to China Everbright is HK\$720,000.

- (ii) The interest expense paid to Mr. Chen Yin, the non-executive director and chairman of the Company, for the borrowing outstanding approximately of HK\$2,899,000 as at 31 March 2013. The borrowing was unsecured, repayable on demand, and bearing interest at Hong Kong Dollar Prime Rate of Bank of China (Hong Kong) per annum. The borrowing had been fully settled as at 30 September 2013.

16. OPERATING LEASE COMMITMENTS

At 30 September 2014, the minimum lease payments under non-cancellable operating leases for leased premise are payable as follows:

	30 September	
	2014	2013
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Within one year	1,713	4,518
In the second to fifth years inclusive	2,370	–
	4,083	4,518

17. SUBSEQUENT EVENTS AFTER PERIOD

With reference to the announcement of the Company dated 21 November 2014, the Board proposes to put forward to the Shareholders a proposal to effect the proposed Share Subdivision whereby every one (1) issued and unissued Share of par value of HK\$0.01 each will be subdivided into ten (10) Subdivided Shares of par value of HK\$0.001 each. The Board also proposes to change the board lot size for trading on the Stock Exchange from 2,000 Shares to 20,000 Subdivided Shares after and conditional upon the Share Subdivision becoming effective.

With reference to the announcement of the Company dated 3 October 2014, the Company had made an interpleader application to Hong Kong Court. The application was dismissed on the ground, among others, that the disputes between the two claimants should be resolved in the Court of Bermuda. The Company has made an appeal to the Hong Kong Court, which will be heard in the middle of July 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company and its subsidiaries are engaged in investment holding for medium to long-term capital appreciation purposes, and investment in listed and unlisted securities.

For the Period, the Group incurred a loss of approximately HK\$83,327,000 which representing an increase of approximately 1195.90% as compared with the corresponding period in 2013 of a loss of approximately HK\$6,430,000.

Loss per share for the Period was approximately HK0.10 cents (six months ended 30 September 2013: approximately HK0.99 cents). The net asset value per share of the Company was approximately HK\$0.23 (31 March 2014: approximately HK\$0.18) as at 30 September 2014.

The investment portfolio of the Group as at 30 September 2014 was summarized as follows:

	Carrying value HK\$'000	Percentage of the total assets as at 30 September 2014
Interest in an associate	6,187	3.22%
Available-for-sale financial assets	58,129	30.26%
Financial assets at fair value through profit or loss		
— Hong Kong listed equity securities, at market value	2,189	1.14%

Financial Resources and Liquidity

As at 30 September 2014, the Group had cash and cash equivalents of approximately HK\$103,956,000 (31 March 2014: approximately HK\$73,083,000). The Group had net current assets and net assets of approximately HK\$125,883,000 (31 March 2014: HK\$120,251,000) and approximately HK\$191,055,000 (31 March 2014: HK\$141,829,000) respectively as at 30 September 2014. The Group had no bank and other borrowing as at 30 September 2014.

The current ratio, calculated on the basis of total current assets over total current liabilities, was approximately 122.0 (31 March 2014: 38.6) as at 30 September 2014.

Interim Dividend

The Board of the Company does not recommend the payment of an interim dividend to the shareholders of the Company for the Period.

Capital Structure

Details in the changes of the capital structure of the Company for the Period are set out in note 13 to the condensed consolidated financial statements. The capital of the Company comprises only ordinary shares as at 30 September 2014.

Foreign Exchange Exposure

Most of the business transactions of the Group are denominated in Hong Kong dollars and Renminbi. The management of the Group will closely monitor the fluctuation in these currencies and take appropriate actions when needed. As at 30 September 2014, the Group did not engage in currency hedging nor did it adopt any formal hedging activities. The Group had not entered into any financial derivatives in currencies other than Hong Kong dollars during the Period.

Pledge of Assets and Contingent Liabilities

As at 30 September 2014, there were no charges on the Group's assets and the Group did not have any contingent liabilities.

Staff Cost

The Group's total staff costs (including directors' remuneration) amounted to approximately HK\$25,317,000 (six months ended 30 September 2013: HK\$2,138,000), including equity-settled share-based payments to certain directors and employees in the amount of approximately HK\$23,066,000 (six months ended 30 September 2013: nil) for the Period. The employees were remunerated based on their responsibilities and performance.

Prospect

In the year 2014, the global economic environment is experiencing subdued growth. However, the global recovery is still fragile despite improved prospects, and significant downside risks are expected to remain in the financial year 2014–2015. The Group's investment policy and strategy is to pay attention to safely monitor the portfolio of investment in the changing market landscape. Regarding the market development, the Group will actively spot investment opportunities that will offer balanced risk and return, riding on the recovery economic cycle.

In recent years, the Group switched its focus more on new energy by seeing opportunities in this market segment. The Group has recently invested in a biomass project in Xinjiang region which is in construction stage. The Group communicates with the investee enterprises, local government authorities and notable investment agencies, and also leverages on professional support from the Company's investment manager. By cooperating with these strategic partners, the Group is forging competitive advantages in terms of new energy investment project sources and project management.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2014, the interests and short positions held by the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, the "SFO") as recorded in the register required to be kept by the Company 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 Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name of Director/ chief executive	Capacity in which interests are held	Number of shares/underlying shares held			Approximate percentage of shareholding (note 1)
		Number of shares held	Number of share options held	Total interests	
Mr. Chen Yin (note 2)	Family interest	102,632,000	–	102,632,000	12.32%
	Beneficial owner	–	2,730,000	2,730,000	0.33%
Mr. Chan Cheong Yee	Beneficial owner	–	8,110,000	8,110,000	0.97%
Mr. Fong Wo, Felix	Beneficial owner	–	4,000,000	4,000,000	0.48%
Mr. Leung Wing Kin	Beneficial owner	–	1,000,000	1,000,000	0.12%
Mr. Leung Chi Kong	Beneficial owner	–	2,000,000	2,000,000	0.24%
Mr. Zhang Xuming (note 3)	Interest of controlled corporation	72,264,000	–	72,264,000	8.67%
	Beneficial owner	–	8,110,000	8,110,000	0.97%

Notes:

1. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 833,251,487 shares as at 30 September 2014.
2. Mr. Chen Yin is deemed to have interests in 102,632,000 shares in the Company held by Micah Holdings Limited Investments Limited, a private company wholly-owned by Ms. Ji Jie, the spouse of Mr. Chen.
3. 72,264,000 shares are held by Salus Investments Limited, a company wholly and beneficially owned by Mr. Zhang Xuming, the chief executive officer of the Company.

Save as disclosed above, as at 30 September 2014, none of the Directors or chief executive of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of 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.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2014, the following persons, other than a Director or chief executive of the Company, were interested or had short positions in more than 5% of the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name of Shareholder	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholding (note 1)
Micah Holdings Limited (note 2)	Beneficial owner	102,632,000	12.32%
Ms. Ji Jie	Interest of controlled corporation	102,632,000	12.32%
Salus Investments Limited (note 3)	Beneficial owner	72,264,000	8.67%

Notes:

1. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 833,251,487 shares as at 30 September 2014.
2. Micah Holdings Limited is a private company wholly and beneficially owned by Ms. Ji Jie. Ms. Ji Jie is deemed to have interest in the shares held by Micah Holdings Limited.
3. Salus Investments Limited is a private company wholly and beneficially owned by Mr. Zhang Xuming, the chief executive officer of the Company.

Save as disclosed above, as at 30 September 2014, the Company was not notified of any persons, other than the Directors and the chief executive of the Company, having any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTIONS

On 9 April 2009, the Company adopted a share option scheme (the "Scheme") under which the Board may at its discretion grant any eligible participant share options, as it may determine appropriate. The Scheme is valid and effective for a period of ten years commencing on 9 April 2009, after which no further options may be offered or granted.

Movements of the share options of the Company during the Period are listed below:

Eligible participant	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				
				At 1 April 2014	Granted during the Period	Exercised during the Period	Lapsed during the Period	At 30 September 2014
Directors								
Wong Chak Keung (resigned on 25 April 2014)	30 March 2012	30 March 2012 – 30 March 2017	0.2552	6,300,000	-	(6,300,000)	-	0
	24 January 2014	24 January 2014 – 23 January 2019	1.8240	500,000	-	(500,000)	-	0
Chan Cheong Yee	24 January 2014	24 January 2014 – 23 January 2019	1.8240	6,000,000	-	-	-	6,000,000
	16 September 2014	16 September 2014 – 15 September 2019	1.5600	-	2,110,000	-	-	2,110,000
Chen Yin	24 January 2014	24 January 2014 – 23 January 2019	1.8240	2,600,000	-	-	-	2,600,000
	16 September 2014	16 September 2014 – 15 September 2019	1.5600	-	130,000	-	-	130,000
Fong Wo, Felix	30 March 2012	30 March 2012 – 30 March 2017	0.2552	1,000,000	-	-	-	1,000,000
	24 January 2014	24 January 2014 – 23 January 2019	1.8240	1,000,000	-	-	-	1,000,000
	16 September 2014	16 September 2014 – 15 September 2019	1.5600	-	2,000,000	-	-	2,000,000

Eligible participant	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				
				At 1 April 2014	Granted during the Period	Exercised during the Period	Lapsed during the Period	At 30 September 2014
Leung Chi Kong	16 September 2014	16 September 2014 – 15 September 2019	1.5600	-	2,000,000	-	-	2,000,000
Leung Wing Kin	16 September 2014	16 September 2014 – 15 September 2019	1.5600	-	1,000,000	-	-	1,000,000
Others	30 March 2012	30 March 2012 – 30 March 2017	0.2552	24,200,000	-	(24,200,000)	-	0
	24 January 2014	24 January 2014 – 23 January 2019	1.8240	54,330,000	-	-	-	54,330,000
	16 September 2014	16 September 2014 – 15 September 2019	1.5600	-	73,860,000	-	-	73,860,000
Total				<u>95,930,000</u>	<u>81,100,000</u>	<u>(31,000,000)</u>	<u>-</u>	<u>146,030,000</u>

Save as disclosed above, the Company has no other options, warrant, derivatives, convertible notes or other securities of the Company convertible into or giving rights to subscribe for shares as at 30 September 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the six months ended 30 September 2014.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the six months ended 30 September 2014 was the Company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for ensuring that high standards of corporate governance are maintained and for accounting to shareholders. During the six months ended 30 September 2014, the Company complied with the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules except for the following deviations:

The code provision A.6.7 of the CG Code states that independent non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. Three independent non-executive directors were unable to attend the annual general meeting of the Company held on 25 August 2014 due to their other important engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 September 2014, the Company complied with the code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in the Model Code. Having made specific enquiry to all directors, all directors confirmed that they had complied with the required standard of dealings and its code of conduct regarding securities transactions by directors throughout the six months ended 30 September 2014.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the percentage of the Company's shares which were in the hands of the public was not less than 25% of the Company's total number of issued shares during the six months ended 30 September 2014.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors. The principal duties of the Audit Committee include the review and supervision of the Company's financial reporting system and internal control procedures and review of the Company's financial information.

The Group's unaudited interim financial information for the six months ended 30 September 2014 has been reviewed by the Audit Committee.

ACKNOWLEDGEMENT

I would like to take this opportunity to express our sincere appreciation of the support from our shareholders. I would also like to thank my fellow directors for their valuable contribution and the staff members of the Group for their commitment and dedicated services throughout the Period.

By Order of the Board
China Investment Development Limited
Chen Yin
Chairman

Hong Kong, 28 November 2014