



China Development Bank International Investment Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1062)

Interim Report 2016



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Corporate Information

DIRECTORS

Executive Directors

Mr BAI Zhe (*Chairman*)
Mr LIU Xiao Guang
Mr YUAN Chun (*Chief Executive Officer*)
Mr ZHANG Jielong (*Deputy Chief Executive Officer*)

Independent Non-executive Directors

Mr WANG Xiangfei
Mr SIN Yui Man
Mr FAN Ren Da, Anthony

COMPANY SECRETARY

Mr YU Chi Kit

AUDIT COMMITTEE

Mr WANG Xiangfei (*Chairman*)
Mr SIN Yui Man
Mr FAN Ren Da, Anthony

REMUNERATION COMMITTEE

Mr LIU Xiao Guang
Mr SIN Yui Man (*Chairman*)
Mr FAN Ren Da, Anthony

NOMINATION COMMITTEE

Mr BAI Zhe (*Chairman*)
Mr WANG Xiangfei
Mr FAN Ren Da, Anthony

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 4506 – 4509
Two International Finance Centre
No. 8 Finance Street, Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited

Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of Communications Co., Ltd., Hong Kong Branch

Bank of China (Hong Kong) Limited
The Bank of East Asia, Limited

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISERS TO THE COMPANY

As to Hong Kong Law

Freshfields Bruckhaus Deringer

As to the Cayman Islands Law

Conyers Dill & Pearman

INVESTMENT MANAGER

HuaAn Asset Management (Hong Kong) Limited

Suite 3808-9, 38th Floor
ICBC Tower, Citibank Plaza
3 Garden Road, Central, Hong Kong
(Note: The address will be changed to
Unit No. 4702, 47th Floor, Central Plaza
No. 18 Harbour Road, Wanchai, Hong Kong
with effective from 22 August 2016.)

CUSTODIAN

Vistra Management (Hong Kong) Limited (formerly known as Orangefield Management (Hong Kong) Limited)

19/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 1062

WEBSITES

www.cdb-intl.com
www.irasia.com/listco/hk/cdbintl

Management Discussion and Analysis

The board of directors (the “**Board**” or “**Directors**”) of China Development Bank International Investment Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2016 (the “**Period**”). The interim results for the Period have been reviewed by the audit committee and auditor of the Company.

OVERALL PERFORMANCE

For the Period, the Group recorded a profit of approximately Hong Kong Dollars (“**HK\$**”) 6.38 million (30 June 2015: approximately HK\$65.65 million) which is primarily attributable to the change in fair value of investments designated at fair value through profit or loss of HK\$10.16 million (30 June 2015: approximately HK\$48.47 million) netted off by the general and administrative expenses of HK\$3.97 million (30 June 2015: approximately HK\$8.74 million) incurred during the Period. The investment income for the Period decreased to Nil (30 June 2015: HK\$23.14 million), which is primarily due to reduction in interest income from investment designated at fair value through profit or loss due to maturity and repayment. For both the periods ended 30 June 2015 and 2016, the Group’s investment income was all derived from Hong Kong, based on the physical location of the underlying assets that generate the revenue.

The Group’s non-current assets (other than financial instruments) are located in People’s Republic of China (the “**PRC**”) and Hong Kong. The interest income was HK\$0.14 million (30 June 2015: HK\$0.17 million). The loss in fair value of financial assets held for trading amounted to HK\$0.16 million (30 June 2015: gain in fair value of HK\$1.52 million), which was attributable to the change in fair value of unlisted warrant instrument and related put rights of Yingde Gases Group Company Limited (“**Yingde Gases**”). The gain in fair value of investments designated at fair value through profit or loss amounted to HK\$10.16 million (30 June 2015: HK\$48.47 million), which were attributable to the Group’s investment in JinkoSolar Power Engineering Group Limited (“**JinkoSolar Power**”), 廣州寶供投資有限公司 (For identification purpose only, English name is Guangzhou P.G. Investment Co., Ltd.) (“**PG Investment**”) and Best Logistics Technologies Limited (“**Best Logistics**”). The general and administrative expenses of the Group for the Period were HK\$3.97 million (30 June 2015: HK\$8.74 million), mainly resulted from the decrease in staff cost (including retirement benefits contribution) incurred during the Period. The Group’s net asset value increased to HK\$1,226.56 million (31 December 2015: HK\$1,221.52 million) as at 30 June 2016, with earnings per share of HK0.22 cents (30 June 2015: HK2.26 cents).

LIQUIDITY AND FINANCIAL RESOURCES

It is the Group’s policy to adopt a prudent financial management strategy. The Group’s treasury policies are designed to maintain a suitable level of liquidity facilities and minimise financial risks in order to meet operation requirements and grasp investment opportunities. As at 30 June 2016, the cash and bank balance of the Group was HK\$508.43 million (31 December 2015: HK\$748.58 million). As almost all the retained cash was placed in Hong Kong Dollars short-term deposits with major banks in Hong Kong, the Group’s exposure to exchange fluctuations is considered minimal. The Board believes that the Group still maintains a healthy financial position as at 30 June 2016. As at 30 June 2016, the Group had no borrowings, gearing ratio (calculated as the long term loan to the total shareholder’s equity) was Nil (31 December 2015: Nil), putting the Group in an advantageous position to pursue its investment strategies and grasp investment opportunities.

CAPITAL STRUCTURE

There is no change to the Group’s capital structure for the Period.

CHARGE ON ASSETS, CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

As at 30 June 2016, there were no charges on the Group's assets and the Group had no material capital commitment or any significant contingent liabilities (31 December 2015: nil). As at 30 June 2016, as far as the Directors are aware, the Group was not involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against the Group.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Period, the Company had not made any material acquisition and disposal of subsidiaries and associated companies.

PORTFOLIO REVIEW

Major Investments Particulars of major investments of the Group as at 30 June 2016 are set out as follows:

Name of investment	Carrying book cost up to 30 June 2016 HK\$	Market value/ carrying amount as at 30 June 2016 HK\$	Unrealised gain/(loss) recognized (Note 6) HK\$	Percentage to the Group's net assets as at 30 June 2016
Best Logistics (Note 1)	234,000,000	243,817,519	9,817,579	20%
PG Investment (Note 2)	195,000,000	206,921,111	11,921,111	17%
JinkoSolar Power (Note 3)	194,987,520	206,420,981	11,433,461	17%
Beijing Far East Instrument Company Limited ("Beijing Far East") (Note 4)	47,766,128	66,880,572	19,114,444	5%
Yingde Gases (HKEx stock code: 2168) (Note 5)	–	–	–	0%

Notes:

- Best Logistics was incorporated in the Cayman Islands with limited liabilities which is principally engaged in express delivery, freight delivery and supply chain service. The carrying amount of the equity shareholding is stated at fair value. Proportion of the share/paid up capital owned by the Group is approximately 0.96%.
- PG Investment is a sino-foreign enterprise incorporated in the PRC which is principally engaged in the investment, construction and operation of large scale logistics parks, business facilities and exhibition centers. The carrying amount of the equity shareholding is stated at fair value. Proportion of the share/paid up capital owned by the Group is approximately 5.01%.
- JinkoSolar Power is a company incorporated in the Cayman Islands with limited liabilities which is mainly engaged in the development and operation of solar power projects. The carrying amount of the equity shareholding is stated at fair value. Proportion of the share/paid up capital owned by the Group is approximately 5%.
- Beijing Far East is a sino-foreign enterprise incorporated in the PRC, and is principally engaged in producing scientific measuring and industrial control equipment. Its carrying amount is accounted for using equity method. Proportion of the share/paid up capital owned by the Group is approximately 25%.

Management Discussion and Analysis

5. Yingde Gases is a company incorporated in the Cayman Islands and listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its principal activities are the production and sales of industrial gases. The carrying amount of the warrant instrument is stated at fair value.
6. The unrealised gain/(loss) represented the changes in fair value of the respective investments.

UNLISTED INVESTMENTS REVIEW

Best Logistics

On 18 January 2016, the Company entered into a preferred shares purchase agreement with, among others, Best Logistics Technologies Limited (“**Best Logistics**”), pursuant to which the Company, as one of the investors, agreed to subscribe for the new preferred shares of Best Logistics at the consideration of United States Dollars (“**US\$**”) 30,000,000. Best Logistics is a leading innovative integrated logistics and supply chain service provider in China. It engages in those businesses including express delivery, freight delivery and supply chain service. Best Logistics was incorporated in the Cayman Islands with limited liabilities.

PG Investment

On 15 December 2015, the Company entered into a share subscription agreement (the “**Share Subscription Agreement**”) with, among others, Jolly Investment Limited (“**Jolly**”), pursuant to which the Company as one of the investors agreed to subscribe for 7,245 ordinary shares of Jolly at the consideration of US\$25,000,000, representing 23.04% of the enlarged issued share capital of Jolly. Jolly is an investment holding company incorporated in the Cayman Islands with limited liabilities. Jolly indirectly held 21.74% of the equity interests of PG Investment, a sino-foreign enterprise incorporated in the PRC. PG Investment is a leading logistics warehouse infrastructure operator in China, whose principal business includes investment, construction and operation of large scale logistics parks, business facilities and exhibition centers.

JinkoSolar Power

On 29 September 2014, the Company entered into a share subscription agreement (the “**Jade Sino Subscription Agreement**”) with China Development Bank International Holdings Limited (“**CDBIH**”) and Jade Sino Ventures Limited (“**Jade Sino**”), pursuant to which the Company and CDBIH agreed to subscribe for 11,904 and 13,096 ordinary shares of Jade Sino, representing 23.81% and 26.19% of the enlarged issued share capital of Jade Sino respectively. The principal asset of Jade Sino was the 13,404 preferred shares of JinkoSolar Power out of the total 26,809 preferred shares subscribed on 11 August 2014 by CDBIH. Upon completion of Jade Sino Subscription Agreement, Jade Sino applied the amount of US\$52.5 million (equivalent to HK\$409.5 million) contributed by the Company and CDBIH to completing the subscription of the remaining 13,405 preferred shares of JinkoSolar Power. The subscription of the remaining 13,405 preferred shares of JinkoSolar Power by Jade Sino was completed on 13 November 2014.

Yingde Gases

On 24 November 2013, the Group and Yingde Gases entered into the investment agreement whereby Yingde Gases issued and the Group subscribed for (i) the principal amount of US\$ 25,000,000, 8% coupon convertible bond due in year 2015; and (ii) at nil consideration, 18,953,853 warrant exercisable to purchase ordinary shares of US\$0.000001 each in the capital of Yingde Gases. The convertible bond has been matured and settled in November 2015. The warrant will be matured in late 2016.

Beijing Far East

Beijing Far East, an associate of the Group, is a leading industrial precision instrument manufacturer in China. The principal business of Beijing Far East is to manufacture meters and precise measuring instruments. Based on the unaudited management accounts for the Period, Beijing Far East recorded its unaudited consolidated profit of Renminbi (“**RMB**”) 1.31 million, as compared with its unaudited consolidated profit of RMB10.82 million for the period ended 30 June 2015.

EMPLOYEES

As at 30 June 2016, the Company had 6 employees. The total staff costs of the Group for the Period was approximately HK\$2.88 million (30 June 2015: approximately HK\$4.95 million). The Company determines its staff remuneration in accordance with prevailing market salary scales, individual qualifications and performance. Remuneration packages of the Company’s employees including basic salary, double pay, performance bonuses and mandatory provident fund are reviewed on regular basis. The Company has adopted a share option scheme on 7 February 2005 for the purposes of providing incentives and rewards to eligible participants who have made contributions to the Group.

GEARING RATIO

The Group had no outstanding bank borrowings as at 30 June 2016 and 31 December 2015. As at 30 June 2016, the Group’s current ratio (current assets to current liabilities) was approximately 83.64 (31 December 2015: approximately 87.96). The ratio of total liabilities to total assets of the Group was approximately 0.72% (31 December 2015: approximately 0.93%).

EXCHANGE EXPOSURE

The Group had an insignificant exchange risk exposure under review since all the retained cash was placed in Hong Kong Dollars short-term deposits with major banks in Hong Kong. It is the Group’s policy for its operating entities to operate in their corresponding local currencies to minimize currency risks.

FUTURE PROSPECTS

The Company will continue to actively pursue opportunities to obtain the best returns to its shareholders and pave the way for business growth. The Company estimates the growth in logistic industry to remain optimistic. Looking forward, the management believes that the business and operating environment is full of challenges and volatility. Amidst an expectation of a slower growth in mainland China, the market is facing a slowdown in economic growth, and economic structure has undergone significant changes during the transition from medium to long term. In order to improve the performance of the Group and deliver the best returns to our shareholders, the Group will continue to look for investment opportunities which will strengthen the profitability under the acceptable risk in the portfolio of the Group. The management will continue to closely monitor the market situation and enhance all areas of operation of the Group, to raise the level of financial discipline and improve profitability within the Group.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June	
		2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Investment income	4	–	23,140,892
Change in fair value of financial assets held for trading		(163,785)	1,522,671
Change in fair value of investments designated at fair value through profit or loss		10,159,318	48,467,383
Interest income		135,876	166,969
General and administrative expenses		(3,973,313)	(8,735,058)
Share of results of associates		262,973	3,169,937
Profit before taxation		6,421,069	67,732,794
Income tax expense	5	(39,308)	(2,086,025)
Profit for the period attributable to owners of the Company	6	6,381,761	65,646,769
Other comprehensive (expense) income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operation		(1,342,021)	30,723
Other comprehensive (expense) income for the period		(1,342,021)	30,723
Total comprehensive income for the period attributable to owners of the Company		5,039,740	65,677,492
Earnings per share			
– Basic (HK cents)	7	0.22	2.26

Condensed Consolidated Statement of Financial Position

At 30 June 2016

	NOTES	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Non-current assets			
Property, plant and equipment		–	–
Interests in associates	8	66,880,572	70,777,676
Financial assets at fair value through profit or loss	9	657,159,611	218,000,293
Prepayment		–	195,000,000
		724,040,183	483,777,969
Current assets			
Financial assets at fair value through profit or loss	9	–	163,785
Other receivables, prepayments and deposits		2,936,735	490,971
Bank balances and cash	10	508,429,422	748,578,554
		511,366,157	749,233,310
Current liabilities			
Other payables and accruals		1,413,607	4,097,594
Tax payable		4,700,087	4,419,982
		6,113,694	8,517,576
Net current assets		505,252,463	740,715,734
Total assets less current liabilities		1,229,292,646	1,224,493,703
Non-current liability			
Deferred taxation		2,732,165	2,972,962
Net assets		1,226,560,481	1,221,520,741
Capital and reserves			
Share capital	11	29,022,154	29,022,154
Reserves		1,197,538,327	1,192,498,587
		1,226,560,481	1,221,520,741
Net asset value per share	14	0.42	0.42

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2016

	Attributable to owners of the Company						
	Share capital HK\$	Share premium HK\$	Special reserve HK\$ (Note)	Exchange reserve HK\$	Capital redemption reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 January 2015 (Audited)	29,022,154	1,043,800,995	382,880,958	15,486,918	270,200	(358,817,765)	1,112,643,460
Profit for the period	-	-	-	-	-	65,646,769	65,646,769
Other comprehensive income							
Exchange differences arising on translation	-	-	-	30,723	-	-	30,723
Total comprehensive income for the period	-	-	-	30,723	-	65,646,769	65,677,492
At 30 June 2015 (Unaudited)	29,022,154	1,043,800,995	382,880,958	15,517,641	270,200	(293,170,996)	1,178,320,952
At 1 January 2016 (Audited)	29,022,154	1,043,800,995	382,880,958	11,103,151	270,200	(245,556,717)	1,221,520,741
Profit for the period	-	-	-	-	-	6,381,761	6,381,761
Other comprehensive expense							
Exchange differences arising on translation	-	-	-	(1,342,021)	-	-	(1,342,021)
Total comprehensive (expense) income for the period	-	-	-	(1,342,021)	-	6,381,761	5,039,740
At 30 June 2016 (Unaudited)	29,022,154	1,043,800,995	382,880,958	9,761,130	270,200	(239,174,956)	1,226,560,481

Note: Special reserve represents the difference between the amount recorded as share capital issued by the Company pursuant to a scheme of arrangement which became effective in April 2005 under the Hong Kong Companies Ordinance in respect of ING Beijing Investment Company Limited ("ING Beijing"), the then subsidiary and the amount recorded for the share capital of ING Beijing acquired. ING Beijing was liquidated in November 2005.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Net cash (used in) from operating activities	(6,285,008)	13,004,781
Investing activities		
Purchase of financial assets at fair through profit or loss	(234,000,000)	–
Repayment of principal of investment designated at fair value through profit or loss	–	39,000,000
Interest received from bank deposits	135,876	166,969
Net cash (used in) from investing activities	(233,864,124)	39,166,969
Net (decrease) increase in cash and cash equivalents	(240,149,132)	52,171,750
Cash and cash equivalents at the beginning of the period	748,578,554	414,901,459
Cash and cash equivalents at the end of the period, representing bank balances and cash	508,429,422	467,073,209

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

1. 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 (the “**HKICPA**”) as well as with 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**”).

2. 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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2015 except for the newly adopted accounting policies as described below:

Interests in associates

As mentioned in note 9 to the condensed consolidated financial statements, one of the Group’s interests in associates is classified as financial assets at fair value through profit or loss (“**FVTPL**”) as at 30 June 2016.

When an interest in an associate is held by, or is held indirectly through, an entity that is a venture capital organisation, or a mutual fund, unit trust and similar entities including investment-linked insurance funds, the Group measures the interest in that associate at fair value through profit or loss.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the revised HKFRSs that have been issued but are not yet effective. The Directors are currently assessing the impact on the adoption of the above revised HKFRS and are yet to quantify the impact.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

3. SEGMENT INFORMATION

The chief operating decision-maker (“**CODM**”) has been identified as the Company’s executive directors. The Group’s principal activity is investment in equity instruments and other financial instruments. For the purpose of resources allocation and assessment of performance, the CODM regularly reviews the Group’s investment portfolio, including financial assets at fair value through profit or loss. Information provided to the CODM includes fair value of the respective investees, the Group’s financial assets at fair value through profit or loss portfolio are managed and evaluated on a total return basis. No other discrete financial information was provided to the CODM. Therefore no separate segment information is prepared by the Group.

The management determines the Group is domiciled in Hong Kong, which is the location of the Group’s principal office.

The Group’s non-current assets (other than financial instruments) are located in People’s Republic of China (“**PRC**”), which are based on the operations of associates for interests in associates and the physical location of the property, plant and equipment.

The Group’s revenue was all derived from the Group’s operation which is located in Hong Kong.

Given that the nature of the Group’s operation is investment holding, there was no information regarding major customers as determined by the Group.

4. INVESTMENT INCOME

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Interest income from investments designated at fair value through profit or loss	-	23,140,892

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Deferred taxation on withholding tax on undistributed earnings of an associate Current period	39,308	331,436
Deferred taxation on withholding tax on unrealized gain on financial assets at fair value through profit or loss Current period	-	1,754,589
	39,308	2,086,025

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group did not generate any assessable profits arising in Hong Kong during both periods.

Under the Enterprise Income Tax Law of PRC, withholding tax of 10% is imposed on dividends declared in respect of profits earned by PRC associates from 1 January 2008 onwards and unrealised gain on financial assets at fair value through profit or loss.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

6. PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

Profit for the period attributable to owners of the Company has been arrived at after charging the following items:

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Staff costs (including retirement benefits contribution)	2,884,653	4,953,763

7. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Earnings		
Profit for the period attributable to owners of the Company and earnings for the purpose of basic earnings per share	6,381,761	65,646,769
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,902,215,360	2,902,215,360

No diluted earnings per share has been presented for both periods as there were no potential ordinary share for both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

8. INTERESTS IN ASSOCIATES

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Cost of investment in associates	125,766,128	125,766,128
Share of post-acquisition results and other comprehensive income, net of dividend received	(58,885,556)	(54,988,452)
	66,880,572	70,777,676

Details of each of the Group's associates as at 30 June 2016 and 31 December 2015 are set out as follows:

Name of associate	Form of entity	Place of incorporation/ establishment	Place of operation	Equity interest attributable to the Group		Proportion of voting power held		Principal activities
				30 June 2016	31 December 2015	30 June 2016	31 December 2015	
Beijing Far East Instrument Company Limited	Sino-foreign joint venture	PRC	PRC	25.00%	25.00%	25.00%	25.00%	Manufacture of electronic and electrical instruments
China Property Development (Holdings) Limited	Incorporated	The Cayman Islands	PRC	33.42%	33.42%	20.49%	20.49%	Investment holding

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Unlisted local warrant ¹ (i)	–	163,785
Unlisted overseas securities ² (ii), (iv)	450,238,500	218,000,293
Unlisted shares ³ (iii)	206,921,111	–
	657,159,611	218,164,078
Analysed to reporting purpose as		
Non-current assets	657,159,611	218,000,293
Current assets	–	163,785
	657,159,611	218,164,078

¹ The amount represents financial assets held for trading

² The amounts represent investments designated at FVTPL

³ The amount represents interest in an associate measured at FVTPL

Certain financial assets of the Group are designated as FVTPL because the relevant financial assets constitute a group that is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management and investment strategy, and information about the Group's financial assets at FVTPL are provided internally on that basis to the Group's key management personnel.

- (i) On 24 November 2013, the Group and Yingde Gases Group Company Limited (盈德氣體集團有限公司) (“**Yingde Gases**”) had entered into the investment agreement whereby Yingde Gases issued and the Group subscribed for (i) the principal amount of US\$25,000,000 8% coupon convertible bond due 2015; and (ii) at nil consideration, 18,953,853 warrant exercisable to purchase ordinary shares of US\$0.000001 each in the capital of Yingde Gases. Yingde Gases is a company incorporated in the Cayman Islands, principally engaged in the production and sales of industrial gases.

As at 30 June 2016, the fair value of warrant is Nil (31 December 2015: HK\$163,785). The convertible bond has been matured and settled in November 2015.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

- (ii) On 29 September 2014, the Group has entered into a share subscription agreement (the “**Jade Sino Subscription Agreement**”) with its immediate holding company, China Development Bank International Holdings Limited (“**CDBIH**”) and Jade Sino Ventures Limited (“**Jade Sino**”), the Group and CDBIH subscribed 11,904 and 13,096 ordinary shares of Jade Sino, representing approximately 23.81% and 26.19% of the enlarged issued share capital of Jade Sino, respectively. The directors considered that the Group does not have significant influence in Jade Sino and accounted this investment as financial assets at FVTPL.

The principal asset of Jade Sino is preferred shares of JinkoSolar Power Engineering Group Limited (“**JinkoSolar Power**”). Jade Sino directly held 21% of the equity interest of JinkoSolar Power. JinkoSolar Power is a company incorporated in the Cayman Islands, and its subsidiaries are principally engaged in developing, building and operating photovoltaic power stations in the PRC. The preferred shares may, at the option of Jade Sino, be converted into fully paid ordinary shares of JinkoSolar Power. In addition, the preferred shares are redeemable at the option of Jade Sino after 30 months from the subscription date, with a simple annual return of at least 13% on the principal.

As at 30 June 2016, the fair value of the ordinary shares of Jade Sino held by the Group is HK\$206,420,981 (31 December 2015: HK\$218,000,293). The carrying amount of the ordinary shares exceeded 10% of the assets of the Group at 30 June 2016.

- (iii) On 15 December 2015, the Group had entered into a share subscription agreement (the “**P.G. Share Subscription Agreement**”) with Jolly Investment Limited (“**Jolly**”), pursuant to which Jolly agreed to issue an aggregate of 31,448 ordinary shares of Jolly and the Group as one of the investors agreed to subscribe for 7,245 ordinary shares of Jolly at the consideration in the amount of US\$25,000,000, representing approximately 23.04% of the enlarged issued share capital of Jolly.

Jolly is an investment holding company incorporated in the Cayman Islands with limited liabilities. Jolly indirectly held 21.74% of the equity interests of Guangzhou P.G. Investment Co., Ltd. (廣州寶供投資有限公司) (“**PG Investment**”). PG Investment is a leading logistics warehouse infrastructure operator in China, whose principal business includes investment, construction and operation of large scale logistics parks, business facilities and exhibition centers. The ordinary shares of Jolly are redeemable at the option of the Group after 60 months from the subscription date, with a simple annual return of 12% on the principal.

As at 30 June 2016, the fair value of the ordinary shares of Jolly held by the Group is HK\$206,921,111. The carrying amount of the ordinary shares exceeded 10% of the assets of the Group as at 30 June 2016.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

- (iv) On 18 January 2016, the Group had entered into a preferred shares purchase agreement with Best Logistics Technologies Limited (“**Best Logistics**”), pursuant to which the Group, as one of the investors of the new preferred shares, agreed to subscribe for certain preferred shares at the consideration in the amount of US\$30,000,000.

Best Logistics is a leading innovative integrated logistics and supply chain service provider in China. It engages in business including express delivery, freight delivery and supply chain service. Best Logistics, incorporated in the Cayman Islands with limited liabilities. The preferred shares may at the option of the Group, be converted into fully paid ordinary shares of Best Logistics. In addition, the preferred shares are redeemable at the option of the Group after 34 months from the subscription date, with a compound annual return of 12% on the principal.

As at 30 June 2016, the fair value of the preferred shares with the put option of Best Logistics held by the Group is HK\$243,817,519. The carrying amount of the preferred shares with the put option exceeded 10% of the assets of the Group as at 30 June 2016.

The information of the fair values of financial assets at fair value through profit or loss is disclosed in note 12.

10. BANK BALANCES AND CASH

	30 June 2016 HK\$ (Unaudited)	31 December 2015 HK\$ (Audited)
Fixed deposits with banks with maturity less than three months	71,195,404	71,092,072
Cash at banks and in hand	437,234,018	677,486,482
	508,429,422	748,578,554

Bank balances and cash comprise short-term bank deposits carrying interest at prevailing deposits rates which range from 0.02% to 1.20% (31 December 2015: 0.70% to 1.20%) per annum.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

11. SHARE CAPITAL

	Number of shares	Share capital HK\$
Shares of HK\$0.01 each		
Authorised:		
As at 1 January 2015, 30 June 2015, 1 January 2016 and 30 June 2016	12,000,000,000	120,000,000
Issued and fully paid:		
As at 1 January 2015, 30 June 2015, 1 January 2016 and 30 June 2016	2,902,215,360	29,022,154

12. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1, 2 or 3) based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

12. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
	30 June 2016	31 December 2015					
i) Unlisted local warrant instrument classified as financial assets at fair value through profit or loss	Unlisted warrant instrument of Yingde Gases – Nil	Unlisted warrant instrument of Yingde Gases – HK\$163,785	Level 3	Black-Scholes Pricing Model The key input is volatility.	Volatility, determined by reference to volatility of its share price, of 37.53%.	The higher the volatility, the higher the fair value.	No indication that a slight increase in the volatility would result in a significant increase in fair value measurement, and vice versa.
ii) Unlisted overseas securities	Unlisted preferred shares of Jinko – HK\$ 206,420,981	Unlisted preferred shares of Jinko – HK\$218,000,293	Level 3	Option-Pricing Model The key inputs are marketability discount, EV/EBITDA multiple, and volatility.	Marketability discount, determined by reference to several empirical studies, of 25%.	The higher the marketability discount, the lower the fair value.	If the marketability discount is 5% higher/lower, while all other variables were held constant, the fair value would decrease by HK\$8,564,113 and increase by HK\$7,528,033 respectively.
					EV/EBITDA multiple, determined by reference to the EV/EBITDA multiple of publicly listed comparable companies, of 11.09.	The higher the EV/EBITDA multiple, the higher the fair value.	If the EV/EBITDA multiple is 3% higher/lower, while all other variables were held constant, the fair value would increase by HK\$8,677,126 and decrease by HK\$10,082,283 respectively.
					Volatility, determined by reference to the average annualized standard deviation of the continuously compounded rates of the return on the daily average adjusted share price of the comparable companies, of 50.34%.	The higher the volatility, the lower the fair value.	If the volatility is 10% higher/lower, while all other variables were held constant, the fair value would decrease by HK\$6,497,939 and increase by HK\$6,838,654 respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

12. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
	30 June 2016	31 December 2015					
iii) Unlisted shares	Unlisted ordinary shares of PG Investment – HK\$206,921,111	N/A	Level 3	Guideline Companies Method and Discounted Cash Flow Model The key inputs are marketability discount, Market Capitalization/ Non-Current Assets multiple and discount rate.	Marketability discount, determined by reference to several empirical studies, of 30%. Market Capitalization/ Non-Current Assets multiple, determined by reference to the Market Capitalization/ Non-Current Assets multiple of publicly listed comparable companies, of 2.44. Discount rate, determined by reference to average spread of comparable bonds based on the credit strength of PG investment, of 8.01%.	The higher the marketability discount, the lower the fair value. The higher the Market Capitalization/ Non-Current Assets multiple, the higher the fair value. The higher the discount rate, the lower the fair value.	No indication that a slight increase in the marketability discount would result in a significant decrease in fair value measurement, and vice versa. No indication that a slight increase in the Market Capitalization/ Non-Current Assets multiple would result in a significant increase in fair value measurement, and vice versa. If the discount rate is 2.5% higher/lower, while all other variables were held constant, the fair value would decrease by HK\$19,964,925 and increase by HK\$22,759,502 respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

12. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (continued)

Financial assets/financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
	30 June 2016	31 December 2015					
iv) Unlisted overseas securities	Unlisted preferred shares with put option of Best Logistics – HK\$243,817,519	N/A	Level 3	Option-Pricing Model The key inputs are marketability discount and Price/Sales multiple and volatility.	Marketability discount, determined by reference to several empirical studies, of 30%. Price/Sales multiple, determined by reference to the Price/Sales multiple of publicly listed comparable companies, of 1.06. Volatility, determined by reference to the average annualized standard deviation of the continuously compounded rates of the return on the daily average adjusted share price of the comparable companies, of 48.04%.	The higher the marketability discount, the lower the fair value. The higher the Price/Sales multiple, the higher the fair value. The higher the volatility, the lower the fair value.	If the marketability discount is 5% higher/lower, while all other variables were held constant, the fair value would decrease by HK\$3,009,020 and increase by HK\$6,926,135 respectively. If the Price/Sales multiple is 3% higher/lower, while all other variables were held constant, the fair value would increase by HK\$2,037,800 and decrease by HK\$2,065,329 respectively. If the volatility is 10% higher/lower, while all other variables were held constant, the fair value would decrease by HK\$11,910,755 and increase by HK\$13,657,957 respectively.

There were no transfers between Level 1, 2 and 3 in the current and prior periods.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

12. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements of financial assets

	Financial assets at FVTPL HK\$
At 1 January 2015	630,472,963
Total gains recognised in profit or loss	
– change in fair value of financial assets held for trading	1,522,671
– change in fair value of investments designated at fair value through profit or loss	48,467,383
	49,990,054
Repayment of principal	(39,000,000)
Termination of warrant instrument arrangement	(11,700,000)
At 30 June 2015	629,763,017
At 1 January 2016	218,164,078
Total gains recognised in profit or loss	
– change in fair value of financial assets held for trading	(163,785)
– change in fair value of investments designated at fair value through profit or loss	10,159,318
	9,995,533
Purchases	234,000,000
Transfer from prepayment	195,000,000
At 30 June 2016	657,159,611

Of the total gains for the period included in profit or loss, HK\$9,995,533 (Six months ended 30 June 2015: HK\$49,990,054) relates to financial assets at fair value through profit or loss held at the end of the reporting period. Fair value gains on financial assets at fair value through profit or loss are included in 'change in fair value of financial assets held for trading' and 'change in fair value of investments designated at fair value through profit or loss'.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2016

12. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value measurements and valuation processes

The board of directors of the Company has delegated the valuation work to finance division, which is headed up by the vice president of finance division of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The finance division works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The vice president of finance division of the Company reports the finance division's findings to the board of directors of the Company regularly to explain the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments.

13. RELATED PARTY TRANSACTIONS

- (a) On 20 September 2006, the Group entered into a custodian agreement with Vistra Management (Hong Kong) Limited (formerly known as "Orangefield Management (Hong Kong) Limited") ("**Vistra**"). Vistra is the custodian of the Group. During the period, the Group has incurred a custodian fee of HK\$30,000 (Six months ended 30 June 2015: HK\$30,000) to Vistra.
- (b) On 29 August 2014, the Group entered into an investment management agreement with HuaAn Asset Management (Hong Kong) Limited ("**HuaAn**"). HuaAn is the investment management of the Group with effect from 1 September 2014. During the period, the Group has incurred a fee of HK\$175,000 (Six months ended 30 June 2015: HK\$175,000) to HuaAn.
- (c) **Compensation of key management personnel**

The remuneration of directors of the Company and other members of the key management during the period was as follows:

	Six months ended 30 June	
	2016 HK\$ (Unaudited)	2015 HK\$ (Unaudited)
Short term benefits	1,326,148	3,597,497
Post-employment benefits	56,307	134,753
	1,382,455	3,732,250

14. NET ASSET VALUE PER SHARE

Net asset value per share is computed based on the condensed consolidated net assets of HK\$1,226,560,481 (31 December 2015: HK\$1,221,520,741) and 2,902,215,360 ordinary shares in issue as at 30 June 2016 (31 December 2015: 2,902,215,360 ordinary shares).

Report on Review of Condensed Consolidated Financial Statements



**TO THE BOARD OF DIRECTORS OF
CHINA DEVELOPMENT BANK INTERNATIONAL INVESTMENT LIMITED**
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of China Development Bank International Investment Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 9 to 27 which comprise the condensed consolidated statement of financial position as of 30 June 2016, and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17 August 2016

Other Information

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

As at 30 June 2016, none of the Directors or the chief executive of the Company or their respective associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were required, pursuant to Section 352 of the SFO, to be recorded in the register required to be kept therein, or which were required, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in the Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far as is known to any Directors or chief executive of the Company, as at 30 June 2016, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept under section 336 of the SFO:

Long positions in the shares and underlying shares of the Company

Name of Shareholder	Nature of Interests	Number of issued shares of the Company held	Approximate percentage of the existing issued share capital of the Company
China Development Bank Corporation (“CDB”) (Note 1)	Corporate Interest	1,920,000,000	66.16%
China Development Bank Capital Corporation Ltd. (國開金融有限責任公司) (“CDBC”) (Note 1)	Corporate Interest	1,920,000,000	66.16%
China Development Bank International Holdings Limited (“CDBIH”) (Note 1)	Corporate Interest	1,920,000,000	66.16%
Mr LIU Tong (Note 2)	Corporate Interest	163,702,560	5.64%
Yoobright Investments Limited (Note 2)	Corporate Interest	163,702,560	5.64%

Other Information

Notes:

1. CDBIH is a wholly-owned subsidiary of CDBC. CDBC is a wholly-owned subsidiary of CDB. Thus, CDB and CDBC are deemed to be interested in the same percentage of shares held by CDBIH.
2. Yoobright is beneficially and wholly owned by Mr LIU Tong. Mr LIU Tong is therefore deemed to be interested in the same percentage of shares held by Yoobright.

Save as disclosed above, at 30 June 2016, the Company had not been notified by any person, other than Directors and chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company on 7 February 2005 (the “**Share Option Scheme**”) under which the Board may, at its discretion, grant to any director, employee, executive or officer of the Company, or any director, employee, executive of any subsidiaries from time to time of the Company, to subscribe for the Company’s shares.

As at 30 June 2016, no option had been granted by the Company since the adoption of the Share Option Scheme. There are no share options outstanding as at 1 January 2016 and 30 June 2016. During the Period, there were no share options exercised, lapsed or cancelled under the Share Option Scheme.

Save as disclosed above, none of the Directors or chief executive of the Company, or their respective associates had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the Period.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the Period (30 June 2015: Nil).

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three members, namely, Mr WANG Xiangfei, Mr SIN Yui Man and Mr FAN Ren Da, Anthony. All members of the Audit Committee are independent non-executive Directors. The chairman of the Audit Committee is Mr WANG Xiangfei, an independent non-executive Director of the Company. The members of the Audit Committee meet regularly to review the financial report and other information submitted and reported to the shareholders, the system of internal control, and the effectiveness and objectivity of risk management and audit process. The Audit Committee acts in an advisory capacity and make recommendations to the Board. The terms of reference of the Audit Committee were adopted and revised in 2015. The Audit Committee has reviewed the interim report, including the unaudited condensed consolidated interim financial information of the Group for the Period, which has also been reviewed by the Company’s auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) comprises three members, namely Mr LIU Xiao Guang, Mr SIN Yui Man and Mr FAN Ren Da, Anthony. The majority members of the Remuneration Committee are independent non-executive Directors. The chairman of the Remuneration Committee is Mr SIN Yui Man, an independent non-executive Director of the Company. The Remuneration Committee advises the Board on the Group’s overall policy and structure for the remuneration of Directors and senior management. The terms of reference of the Remuneration Committee were adopted and revised in 2012.

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) comprises three members, namely Mr BAI Zhe, Mr WANG Xiangfei and Mr FAN Ren Da, Anthony. The majority members of the Nomination Committee are independent non-executive Directors. The chairman of the Nomination Committee is Mr BAI Zhe, chairman of the Board. The Nomination Committee reviews the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy. The terms of reference of the Nomination Committee were adopted in 2012. The Board has adopted the board diversity policy in 2013.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the Period, the Directors believe that the Company has complied with all the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding the Directors’ securities transactions. Having made specific enquiry by the Company, the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the Period.

CHANGES IN DIRECTORS BIOGRAPHICAL DETAILS

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes of Directors' biographical details since the date of the annual report of the Company for 2015 are as follows.

Mr LIU Xiaoguang resigned as non-executive director of Beijing Capital Land Ltd. (listed on the Stock Exchange, H shares stock code: 2868) and resigned as non-executive director of Beijing Capital Juda Limited (formerly known as Juda International Holdings Limited) (listed on the Stock Exchange, stock code: 1329) on 26 February 2016.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

ACKNOWLEDGMENT

On behalf of the Board, I would like to take this opportunity to express our appreciation to the external professionals to provide their professional services to the Group throughout the Period. I would like to thank my fellow Directors for their valuable contribution and the staff of the Company for their commitment and dedicated services throughout the Period. I would like to express our gratitude to our shareholders for their support to the Group.

DIRECTORS

As at the date hereof, the Board is comprised of Mr BAI Zhe, Mr LIU Xiao Guang, Mr YUAN Chun and Mr ZHANG Jielong as executive Directors; and Mr WANG Xiangfei, Mr SIN Yui Man and Mr FAN Ren Da, Anthony as independent non-executive Directors.

By Order of the Board

China Development International Investment Limited

BAI Zhe

Chairman

Hong Kong, 17 August 2016