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**CHINA INVESTMENT FUND COMPANY LIMITED**

**中國投資基金有限公司\***

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

**(Stock Code: 00612)**

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

**INTERIM RESULTS**

The Board (the “**Board**”) of Directors (the “**Directors**”) of China Investment Fund Company Limited (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2016, together with comparative figures for the corresponding period of 2015 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	Six months ended 30 June	
		2016 HK\$ (unaudited)	2015 HK\$ (audited)
Revenue	3	568,398	27,485
Net realised gain on disposals of available-for-sale financial assets		38,327,950	3,270,656
Net realised (loss) gain on disposals of financial assets at fair value through profit or loss		(16,120,450)	4,337,324
Net unrealised gain arising on revaluation of financial assets at fair value through profit or loss		<u>9,699,920</u>	<u>23,171,956</u>
		<b>32,475,818</b>	30,807,421
Other income	3	—	24,342
Loss on disposals of subsidiaries		—	(318,338)
Administrative expenses		(31,380,772)	(32,989,133)
Finance costs	5	<u>(1,081,842)</u>	<u>(259,463)</u>
Profit (loss) before tax	6	13,204	(2,735,171)
Income tax expense	7	<u>(2,998,883)</u>	<u>(4,174,253)</u>
Loss for the period attributable to owners of the Company		<u>(2,985,679)</u>	<u>(6,909,424)</u>
LOSS PER SHARE	9		
— Basic (HK cents)		<u>(0.27)</u>	<u>(0.87)</u>
— Diluted (HK cents)		<u>(0.27)</u>	<u>(0.87)</u>

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

*For the six months ended 30 June 2016*

	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<i>HK\$</i>	<i>HK\$</i>
	<b>(unaudited)</b>	(audited)
Loss for the period attributable to owners of the Company	<u><b>(2,985,679)</b></u>	<u>(6,909,424)</u>
<b>Other comprehensive (expenses) income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of a foreign operation	<b>20,156</b>	—
Net gain arising on revaluation of available-for-sale financial assets	<b>10,873,490</b>	80,647,400
Reclassification of investment revaluation reserve upon disposals of available-for-sale financial assets	<u><b>(33,084,800)</b></u>	<u>10,268,608</u>
Other comprehensive (expenses) income for the period, net of tax	<u><b>(22,191,154)</b></u>	<u>90,916,008</u>
Total comprehensive (expenses) income for the period attributable to owners of the Company	<u><b>(25,176,833)</b></u>	<u>84,006,584</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

		30 June 2016 HK\$ (unaudited)	31 December 2015 HK\$ (audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	3,859,752	2,761,880
Other intangible asset	11	1,820,508	—
Available-for-sale financial assets	12	179,543,254	157,582,634
Rental deposit		<u>1,610,071</u>	<u>1,610,071</u>
		<u>186,833,585</u>	<u>161,954,585</u>
<b>Current assets</b>			
Prepayments, deposits and other receivables		25,140,033	19,071,121
Available-for-sale financial assets	12	—	24,274,600
Financial assets at fair value through profit or loss	13	32,901,080	50,968,080
Cash and cash equivalents		<u>21,441,650</u>	<u>33,983,457</u>
		<u>79,482,763</u>	<u>128,297,258</u>
<b>Current liabilities</b>			
Accruals and other payables		1,472,741	2,579,479
Tax payable		<u>2,998,883</u>	<u>—</u>
		<u>4,471,624</u>	<u>2,579,479</u>
<b>Net current assets</b>		<u>75,011,139</u>	<u>125,717,779</u>
<b>Total assets less current liabilities</b>		<u>261,844,724</u>	<u>287,672,364</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

		<b>30 June</b>	31 December
		<b>2016</b>	2015
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
		<b>(unaudited)</b>	(audited)
<b>Non-current liability</b>			
Interest bearing loan notes	<i>14</i>	<u><b>42,704,554</b></u>	<u>43,355,361</u>
<b>Net assets</b>		<u><b>219,140,170</b></u>	<u>244,317,003</u>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>55,351,000</b>	55,351,000
Reserves		<u><b>163,789,170</b></u>	<u>188,966,003</u>
<b>Total equity</b>		<u><b>219,140,170</b></u>	<u>244,317,003</u>
<b>Net asset value per share</b>	<i>9</i>	<u><b>0.20</b></u>	<u>0.22</u>

# NOTES TO THE 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 (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2015.

The condensed consolidated financial statements are unaudited, but have been reviewed by the Company’s audit committee (the “Audit Committee”).

## 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, as appropriate.

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

### **Application of new and revised Hong Kong Financial Reporting Standards (“HKFRSs”)**

In the current interim period, the Group has applied, for the first time, the following new amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant for the preparation of the condensed consolidated financial statements:

Amendments to HKFRS 11	Accounting for Acquisition 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 HKAS 10 HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

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

### New and revised HKFRSs issued but not yet effective

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

HKFRS 9	Financial Instruments: Hedge Accounting and Impairment <sup>2</sup>
HKFRS 15	Revenue from Contracts with Customers <sup>2</sup>
HKFRS 16	Leases <sup>3</sup>
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions <sup>2</sup>
Amendment to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendments to HKAS 7	Disclosure Initiative <sup>1</sup>
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

<sup>4</sup> Effective date yet to be determined.

The Directors of the Company anticipate that the application of these new and revised HKFRSs will have no material impact on the condensed consolidated financial statements.

### 3. REVENUE AND OTHER INCOME

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

	Six months ended 30 June	
	2016 HK\$ (unaudited)	2015 HK\$ (audited)
<b>Revenue</b>		
Interest income from:		
Deposits in banks and financial institutions	7,804	11,985
Available-for-sale ("AFS") financial assets	560,594	—
Dividend income from:		
Financial assets at fair value through profit or loss ("FVTPL")	—	15,500
	<b>568,398</b>	<b>27,485</b>
<b>Other income</b>		
Sundry income	—	24,342

#### 4. SEGMENT INFORMATION

For the six months ended 30 June 2016 and 2015 respectively, the Group's revenue was mainly interest income and dividend income from financial assets. The Directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating profits. The Group's segment revenue, assets and liabilities for the period analysed by geographical markets, are as follows:

	Hong Kong		PRC		Consolidated	
	six months ended		six months ended		six months ended	
	30 June		30 June		30 June	
	2016	2015	2016	2015	2016	2015
HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	
(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	
Segment revenue:						
Interest income from deposits in banks and financial institutions	7,804	11,985	—	—	7,804	11,985
Interest income form AFS financial assets	—	—	560,594	—	560,594	—
Dividend income from financial assets at FVTPL	—	15,500	—	—	—	15,500
	<u>7,804</u>	<u>27,485</u>	<u>560,594</u>	<u>—</u>	<u>568,398</u>	<u>27,485</u>
	Hong Kong		PRC		Consolidated	
	30 June	31 December	30 June	31 December	30 June	31 December
	2016	2015	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
Non-current assets*	3,859,752	2,761,880	—	—	3,859,752	2,761,880
Total assets	<u>213,727,081</u>	<u>208,956,140</u>	<u>52,589,267</u>	<u>81,295,703</u>	<u>266,316,348</u>	<u>290,251,843</u>
Segment liabilities	<u>47,176,178</u>	<u>45,934,840</u>	<u>—</u>	<u>—</u>	<u>47,176,178</u>	<u>45,934,840</u>
Other segment information:						
Additions to property, plant and equipment	1,658,829	3,026,313	—	—	1,658,829	3,026,313
Additions to other intangible asset	<u>1,820,508</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,820,508</u>	<u>—</u>

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

## 5. FINANCE COSTS

	Six months ended 30 June	
	2016 HK\$ (unaudited)	2015 HK\$ (audited)
Interest expenses on bank and broker overdrafts	1	76
Effective interest expenses on interest bearing loan notes ( <i>Note 14</i> )	<u>1,081,841</u>	<u>259,387</u>
	<u>1,081,842</u>	<u>259,463</u>

## 6. PROFIT (LOSS) BEFORE TAX

	Six months ended 30 June	
	2016 HK\$ (unaudited)	2015 HK\$ (audited)
The Group's profit (loss) before tax has been arrived at after charging the following items:		
Directors' remuneration:		
Fees	2,454,439	171,678
Other emoluments	1,281,067	2,355,873
Mandatory provident fund contributions	18,000	18,000
Staff costs:		
Salaries	1,857,873	6,032,766
Mandatory provident fund contributions	<u>83,480</u>	<u>89,002</u>
Total staff costs (including Directors' remuneration)	<u>5,694,859</u>	<u>8,667,319</u>
Consultancy fee	4,791,762	175,000
Depreciation of property, plant and equipment	524,573	630,980
Investment management fee	—	596,667
Loss on written off of property, plant and equipment	36,384	—
Net foreign exchange losses	621,891	—
Operating lease charges in respect of office premises	<u>3,339,467</u>	<u>1,769,500</u>

## 7. INCOME TAX EXPENSE

Hong Kong Profits tax is calculated at 16.5% of the estimated assessable profits for both periods.

	Six months ended 30 June	
	2016 HK\$ (unaudited)	2015 HK\$ (audited)
Hong Kong Profits Tax		
— current period	2,998,883	350,880
Deferred tax		
— current period	—	3,823,373
	<u>2,998,883</u>	<u>4,174,253</u>

## 8. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The Directors of the Company have determined that no dividends will be paid in respect of the interim period (six months ended 30 June 2015: Nil).

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

### Net asset value per share

The net asset value per share is calculated by dividing the net assets included in the condensed consolidated statement of financial position of HK\$219,140,170 (31 December 2015: HK\$244,317,003) by the number of shares in issue as at 30 June 2016, being 1,107,020,000 (31 December 2015: 1,107,020,000).

### Loss per share

The calculation of the basic and diluted loss per share is based on the loss attributable to owners of the Company for the six months ended 30 June 2016 of HK\$2,985,679 (six months ended 30 June 2015: HK\$6,909,424) and the weighted average number of ordinary shares of 1,107,020,000 (six months ended 30 June 2015: 793,015,028) in issue during the period.

For the six months ended 30 June 2016 and 2015, the computation of diluted loss per share has not assumed the conversion of the Company's outstanding share options since they are anti-dilutive for the six months ended 30 June 2016 and 2015. Accordingly, diluted loss per share are the same as basic loss per share.

## 10. PROPERTY, PLANT AND EQUIPMENT

	<b>30 June 2016 HK\$ (unaudited)</b>	31 December 2015 HK\$ (audited)
Carrying amounts as at 1 January	2,761,880	4,348,713
Additions	1,658,829	3,026,313
Depreciation	(524,573)	(921,873)
Elimination upon disposals	(36,384)	(641,514)
Disposals of subsidiaries	—	(3,049,759)
	<u>3,859,752</u>	<u>2,761,880</u>

## 11. OTHER INTANGIBLE ASSET

During the six months ended 30 June 2016, the Group acquired the cross boundary vehicle license of HK\$1,820,508 (six months ended 30 June 2015: Nil).

## 12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<b>30 June 2016 HK\$ (unaudited)</b>	31 December 2015 HK\$ (audited)
<b>At fair value</b>		
Listed equity securities	100,532,130	47,953,300
Fair value adjustments	10,873,490	41,491,700
	<u>111,405,620</u>	<u>89,445,000</u>
<b>At fair value</b>		
Unlisted equity securities	77,975,000	77,975,000
Fair value adjustments	(9,837,366)	(9,837,366)
	<u>68,137,634</u>	<u>68,137,634</u>
<b>At cost</b>		
Unlisted debt instruments	29,232,240	53,506,840
Less: Provision for impairment loss	(29,232,240)	(29,232,240)
	<u>—</u>	<u>24,274,600</u>
Total	<u>179,543,254</u>	<u>181,857,234</u>
Analysed for reporting purpose as:		
Non-current assets	179,543,254	157,582,634
Current assets	—	24,274,600
	<u>179,543,254</u>	<u>181,857,234</u>

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

	<b>30 June 2016 HK\$ (unaudited)</b>	31 December 2015 HK\$ (audited)
Financial assets at held for trading		
— Equity securities listed in Hong Kong, at market value	<b><u>32,901,080</u></b>	<b><u>50,968,080</u></b>

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

### 14. INTEREST BEARING LOAN NOTES

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

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

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

The Redemption Right is regarded as embedded derivatives in the host contract. The Redemption Right is not recognised in the condensed consolidated financial statements since the Directors consider that the probability of exercise of the Redemption Right is remote. The Director has assessed the fair values of the Redemption Right at initial recognition and at the end of the reporting period and considers that the fair values were insignificant. Accordingly, both fair values were not accounted for in the condensed consolidated financial statements as at 30 June 2016.

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

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

	<i>HK\$</i>
Principal value of the Notes on initial recognition	42,500,000
Direct transaction costs	<u>(366,130)</u>
	42,133,870
Effective interest expenses	<u>1,221,491</u>
At 31 December 2015 and 1 January 2016 (audited)	43,355,361
Effective interest expenses ( <i>Note 5</i> )	1,081,841
Interest paid	<u>(1,732,648)</u>
At 30 June 2016 (unaudited)	<u><u>42,704,554</u></u>

#### 15. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each	Nominal value HK\$
Authorised:		
<b>At 31 December 2015 and 30 June 2016</b>	<b><u>4,000,000,000</u></b>	<b><u>200,000,000</u></b>
Issued and fully paid:		
<b>At 31 December 2015 and 30 June 2016</b>	<b><u>1,107,020,000</u></b>	<b><u>55,351,000</u></b>

## 16. RELATED PARTY AND CONNECTED TRANSACTIONS

During the period, the Group had the following significant related party and connected transactions:

	Six months ended 30 June	
	2016 HK\$ (unaudited)	2015 HK\$ (audited)
Investment management fee paid to Asia Investment Management Limited ( <i>note</i> )	—	596,667

*Note:* The investment manager is defined as a connected person of the Company pursuant to the Rule 21.13 of the Listing Rules.

### Compensation of key management personnel

The remuneration of Directors during the period was as follows:

	Six months ended 30 June	
	2016 HK\$ (unaudited)	2015 HK\$ (audited)
Directors' fee	2,454,439	171,678
Salaries, allowances and benefits in kind	1,281,067	2,355,873
Mandatory provident fund contributions	18,000	18,000
	<u>3,753,506</u>	<u>2,545,551</u>

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

## 17. COMMITMENTS

### (a) Operating lease commitments

#### The Group as lessee

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

	At 30 June 2016 <i>HK\$</i> (unaudited)	At 31 December 2015 <i>HK\$</i> (audited)
Within one year	5,788,984	5,883,984
In the second to fifth year inclusive	<u>5,703,984</u>	<u>8,555,976</u>

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

### (b) Capital commitments

As at 30 June 2016, the Group had outstanding purchase agreement which entailed capital commitments to complete the acquisition of vehicle license of HK\$151,163 (30 June 2015: Nil).

## 18. CONTINGENT LIABILITIES

As at 30 June 2016 and 2015, the Group had no material contingent liabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

During the six months ended 30 June 2016, the Group reported a loss of approximately HK\$3.0 million (six months ended 30 June 2015: loss of approximately HK\$6.9 million). The decrease in loss was mainly attributed to the increase in the net realised gain on disposals of available-for-sale financial assets.

## **Securities investments**

For the period ended 30 June 2016, the Group recorded a revenue of approximately HK\$568,000 (2015: approximately HK\$27,000), increased by approximately HK\$541,000 over the previous year. The Group made a net realised gain on disposals of available-for-sale financial assets of approximately HK\$38,328,000 (2015: approximately HK\$3,271,000). The Group recorded a net realised loss on disposals of financial assets at fair value through profit or loss of approximately HK\$16,120,000 (2015: net realised gain of approximately HK\$4,337,000). The Group made a net unrealised gain arising on revaluation of financial assets at fair value through profit or loss of approximately HK\$9,700,000 (2015: approximately HK\$23,172,000).

## **Investment in listed securities**

As at 30 June 2016, included in the Group's available-for-sale financial assets, listed securities of approximately HK\$111,406,000 (31 December 2015: approximately HK\$89,445,000) and the financial assets at fair value through profit or loss of approximately HK\$32,901,000 (31 December 2015: approximately HK\$50,968,000).

## **Investment in unlisted securities**

As at 30 June 2016, the Group's investment portfolio in unlisted securities consists of Mountain Gold Holdings Inc. ("Mountain Gold") of approximately HK\$52,215,000 (31 December 2015: approximately HK\$52,215,000) and Galaxy Automotive MS Inc. ("Galaxy AMS") of approximately HK\$15,923,000 (31 December 2015: approximately HK\$15,923,000).

In October 2015, the Group acquired 6.4% equity interest in Mountain Gold, a company principally engaged in the mining industry with an underground high-grade gold mine and exploration property located in Guizhou, the People's Republic of China, with a mining license called Jinping County Jinchangxi-Bize Gold Mine with an area of 0.8934 km<sup>2</sup> and an exploration license called Jinping County Shierpan Gold Detailed Exploration Property with an area of 3.64 km<sup>2</sup>. A total resource was estimated to be 21.6 tons of gold at a grade of 10.37g/t gold in compliance with the JORC Code. Mining, processing and administration facilities plant were constructed in place. While the necessary mining license had expired in July 2015 and the necessary exploration license had expired in May 2016, according to a valuation report prepared by an independent valuer using the market approach and on the assumption that the relevant mining licences would be in force, the valuation was higher than the cost of investment. The investment was made taking the above into account, as well as factors including the trend of gold prices, the amount of time available for renewing the licences before the stipulated deadline on 30 August 2016, and the absence of material non-compliance with the applicable regulations which enhanced the prospects of renewal of licences and the performance guarantee given by the vendor. Mountain Gold has no mining operation, as such operation is pending approval for renewal of the necessary mining and exploration licences. The Company is considering alternatives including selling the equity interest in Mountain Gold at the appropriate price although no agreement has been reached in this regard.

In August 2015, the Group acquired 29% equity interest in Galaxy AMS, a company principally engaged in the research and development and manufacturing of high-quality auto parts as well as research and development and sales of automobile system solutions. Galaxy AMS's current sales market includes China, Taiwan, Hong Kong and Macau. The racing team which was sponsored by Galaxy AMS had been awarded with numerous trophies in a variety of regional events in the past three years. Recognition of its products and automobile system solutions is on the rise in the industry and the retail market. The investment was made on the basis of among other things a profit forecast provided by the management of Galaxy AMS, which was based on assumptions considered to be reasonable in view of the management accounts available and the due diligence on the prospects of the motor vehicle segment.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2016, the Group had cash and cash equivalents of approximately HK\$21.4 million (31 December 2015: approximately HK\$34.0 million). As at 30 June 2016, the Group had interest-bearing loan notes in an aggregate amount of approximately HK\$42.7 million (31 December 2015: approximately HK\$43.4 million). Cash and cash equivalents represented approximately 8.1% of the Group's total assets as at 30 June 2016.

As at 30 June 2016, the Group's gearing ratio was approximately 19.5% (31 December 2015: approximately 18%), which was defined as the ratio of total borrowings to owners' equity.

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

## **COMMITMENTS**

Details of the commitments of the Group are set out in note 17 to the condensed consolidated financial statements.

## **CONTINGENT LIABILITIES**

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

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 June 2016, the Company had 21 employees. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.

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

Total 13 subsidiaries were established or acquired and no subsidiary was disposed during the period.

## PROSPECT

Exacerbated by the rising geo-political conflict in the Middle East, Brexit, and slowing global economy, the volatility in the Hong Kong stock market has been increasing in the past few months, especially in the small cap market. Under the extremely uncertain economic environment, the Directors will take prudent strategies, such as investing in the stocks that will benefit from the upcoming Shenzhen-Hong Kong Stock Connect, to manage our portfolio.

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

At 30 June 2016, the interests and short positions of each Director and the chief executives of the Company in the shares and the underlying shares of the Company and any associated corporations (as defined in Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

### (i) Long positions in shares at 30 June 2016

Name of Director	Capacity	Notes	Number of shares	Approximate percentage of shareholding
Yao Yuan	Beneficial owner	(1)	4,000	0%
HK DYF Int'l Holding Group Limited	Beneficial owner	(2)	179,264,000	16.19%
Shenzhen Ding Yi Feng Assets Management Co., Ltd.	Interest of controlled corporation	(2)	179,264,000	16.19%
Mr. Sui Guangyi	Interest of controlled corporation	(3)	179,264,000	16.19%

**(ii) Long positions in underlying shares at 30 June 2016**

<b>Name of Director</b>	<b>Capacity</b>	<i>Notes</i>	<b>Number of underlying shares</b>	<b>Approximate percentage of shareholding</b>
Luk Hong Man, Hammond	Beneficial owner	(4)	765,120	0.08%
Zhang Xi	Beneficial owner	(4)	765,120	0.08%

*Notes:*

- (1) The personal interests of Mr. Yao Yuan comprise 4,000 ordinary shares.
- (2) Shenzhen Ding Yi Feng Assets Management Co., Ltd. is deemed to be interested in 179,264,000 shares through its controlling interest (100%) in HK DYF Int'l Holding Group Limited.
- (3) Mr. Sui Guangyi ("Mr. Sui") is deemed to be interested in 179,264,000 shares held by Shenzhen Ding Yi Feng Assets Management Co., Ltd. which is 28.79% owned by Mr. Sui.
- (4) These share options were granted on 17 June 2015 at an exercise price of HK\$0.74 per share of the Company with exercise period from 17 June 2015 to 16 June 2025.

Save as disclosed above, at 30 June 2016, none of the Directors nor chief executives of the Company had or was deemed to have any interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be maintained under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDER

As at 30 June 2016, the following person's interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company or recorded in the register of substantial shareholders' interest in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

Name	Number of Shares	Type of interest	Approximately percentage of total issued share capital of the Company
HK DYF Int'l Holding Group Limited	179,264,000	Beneficial owner	16.19%
Shenzhen Ding Yi Feng Assets Management Co., Ltd. (Note 1)	179,264,000	Interest of controlled corporation	16.19%
Mr. Sui Guangyi (Note 2)	179,264,000	Interest of controlled corporation	16.19%

*Note 1:* Shenzhen Ding Yi Feng Assets Management Co., Ltd. is deemed to be interested in 179,264,000 shares through her controlling interest (100%) in HK DYF Int'l Holding Group Limited.

*Note 2:* Mr. Sui Guangyi ("Mr. Sui") is deemed to be interested in 179,264,000 shares held by Shenzhen Ding Yi Feng Assets Management Co., Ltd. is 28.79% owned by Mr. Sui.

Based on disclosure of interests forms filed with the Stock Exchange, the following persons had interests or short positions in the shares and underlying shares of the Company which is discloseable under Divisions 2 and 3 of Part XV of the SFO as at 30 June 2016.

Name	Number of Shares	Type of interest	Approximately percentage of total issued share capital of the Company
Mr. Li Xiaohua	70,000,000	Beneficial owner	6.32%
Mr. Fan Weiyong	88,424,000	Beneficial owner	7.98%

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

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

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

## **CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 June 2016, the Company had complied with all the applicable provisions of the Corporate Governance Code (the “Code Provision”) as set out in Appendix 14 to the Listing Rules, save for the deviation from Code Provision A.2.1 as set out as below:

### **Code Provision A.2.1**

In accordance with Code Provision A.2.1, it stipulates that the roles of the chairman and the chief executive are segregated and assumed by two separate individuals who have no relationship with each other to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual.

The Board has appointed Mr. Sui Guangyi as chairman with effect from 2 October 2015 while the role of chief executive remained vacant until 22 April 2016 when it was assumed by Mr. Luk Hong Man, Hammond when the Board appointed him as chief executive officer with effect from that date.

## **AUDIT COMMITTEE**

The Audit Committee currently comprised solely of independent non-executive Directors, namely, Ms. Jing Siyuan (chairman) and Mr. Zhang Aimin. Since 20 July 2016, the minimum number of members of the Audit Committee has not complied with the requirements under Rule 3.21 of the Listing Rules. We are actively identifying the suitable candidates in order to fulfil this requirement. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group. The unaudited interim results of the Group for the six months ended 30 June 2016 have been reviewed by the Audit Committee.

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

This interim results announcement is published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.cifund.com.hk](http://www.cifund.com.hk). The Company's interim report for the six months ended 30 June 2016 will be published at the same websites and will be despatched to the Company's shareholders in due course.

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

Hong Kong, 26 August 2016

*As at the date of this announcement, the executive Directors are Mr. Luk Hong Man, Hammond and Mr. Zhang Xi; the non-executive director is Mr. Sui Guangyi; and the independent non-executive Directors are Ms. Jing Siyuan, Ms. Li Jiangtao and Mr. Zhang Aimin.*