



**CHINA INVESTMENT
DEVELOPMENT LIMITED**
中國投資開發有限公司

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

(Stock Code: 204)

Interim Report
2017

CORPORATION INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Xuming (*Chief Executive Officer*)

Mr. Chan Cheong Yee

Non-executive Director

Mr. Chen Yin (*Chairman*)

Independent Non-executive Directors

Mr. Fong Wo, Felix

Mr. Leung Wing Kin

Mr. Leung Chi Kong

AUDIT COMMITTEE

Mr. Fong Wo, Felix

Mr. Leung Wing Kin

Mr. Leung Chi Kong

REMUNERATION COMMITTEE

Mr. Chen Yin

Mr. Fong Wo, Felix

Mr. Leung Wing Kin

Mr. Leung Chi Kong

NOMINATION COMMITTEE

Mr. Chen Yin

Mr. Fong Wo, Felix

Mr. Leung Wing Kin

Mr. Leung Chi Kong

RISK MANAGEMENT COMMITTEE

Mr. Zhang Xuming

Mr. Fong Wo, Felix

Mr. Leung Wing Kin

Mr. Leung Chi Kong

Mr. Yan Ho Yin

COMPANY SECRETARY

Mr. Yan Ho Yin

INVESTMENT MANAGER

China Everbright Securities (HK) Limited

PRINCIPAL BANKERS

Dah Sing Bank, Limited

China Citic Bank International Limited

Bank of Communication

AUDITOR

BDO Limited

Certified Public Accountants

LEGAL ADVISERS

Hong Kong Law

Michael Li & Co.

Bermuda Law

Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR

MUFG Fund Service (Bermuda) Limited

The Belvedere Building

69 Pitts Bay Road, Pembroke HM08

Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited

Suites 3301-04, 33/F.

Two Chinachem Exchange Square,

338 King's Road,

North Point, Hong Kong

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL PLACE OF BUSINESS

Suites 2706-07, 27/F

Everbright Centre

108 Gloucester Road

Wanchai, Hong Kong

WEBSITE

www.chinainvestment.com.hk

STOCK CODE

204

UNAUDITED INTERIM RESULTS

The board of directors (the “Board”) of China Investment Development Limited (the “Company”) hereby announced the unaudited results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2017 (the “Period”) together with the comparative figures for the corresponding period in 2016. The unaudited results for the Period have been reviewed by the Company’s Audit Committee and are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2017

		Six months ended	
		30 September	
	Note	2017	2016
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Revenue	4	886	392
Other income	4	32	84
Change in fair value of financial assets at fair value through profit or loss		(3,081)	(172)
Net realised gain on disposals of financial assets at fair value through profit or loss		1,199	1,903
Administrative expenses		(6,380)	(7,650)
Share of gain of an associate		–	–
Loss before income tax expense	5	(7,344)	(5,443)
Income tax expense	6	–	–
Loss for the period attributable to owners of the Company		(7,344)	(5,443)
Dividend	7	–	–
			(represented)
Loss per share			
Basic (HK cents per share)	8	(0.08)	(0.06)
Diluted (HK cents per share)	8	(0.08)	(0.06)
Proceeds from disposals of financial assets at fair value through profit or loss		27,029	40,610

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the six months ended 30 September 2017*

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	(7,344)	(5,443)
Other comprehensive income:		
Change in fair value of available-for-sale financial assets	2,067	(1,751)
Exchange difference arising from an associate during the period	69	(50)
Other comprehensive income for the period, net of tax	2,136	(1,801)
Total comprehensive expenses attributable to owners of the Company	(5,208)	(7,244)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 September 2017*

	Note	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		613	755
Interest in an associate	9	5,581	5,512
Available-for-sale financial asset	10	111,098	109,094
		117,292	115,361
Current assets			
Financial assets at fair value through profit or loss	11	62,185	68,314
Other receivables, deposits and prepayments		61,762	62,190
Bank and cash balances		12,691	13,772
		136,638	144,276
Current liabilities			
Other payables and accrued charges		1,298	1,822
		1,298	1,822
Net current assets		135,340	142,454
Net assets		252,632	257,815
EQUITY			
Equity attributable to owners of the Company			
Share capital	12	8,822	8,822
Reserves		243,810	248,993
Total equity		252,632	257,815
Net asset value per share	13	HK\$0.029	HK\$0.029

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 September 2017*

	Share capital HK\$'000	Share premium HK\$'000	Investment revaluation reserve HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2017 (audited)	8,822	343,632	36,567	123,411	(525)	(254,067)	257,840
Loss for the Period	–	–	–	–	–	(7,344)	(7,344)
Other comprehensive income							
– Change in fair value of available-for-sale financial assets	–	–	2,067	–	–	–	2,067
– Exchange difference arising from an associate during the Period	–	–	–	–	69	–	69
At 30 September 2017 (unaudited)	8,822	343,632	38,634	123,411	(456)	(261,411)	252,632
At 1 April 2016 (audited)	8,937	354,658	38,960	123,411	(163)	(239,385)	286,418
Cancellation of Share	(9)	(945)	–	–	–	–	(954)
Share Repurchased	–	(10,187)	–	–	–	–	(10,187)
Loss for the Period	–	–	–	–	–	(5,443)	(5,443)
Other comprehensive income							
– Change in fair value of available-for-sale financial assets	–	–	(1,751)	–	–	–	(1,751)
– Exchange difference arising from an associate during the Period	–	–	–	–	(50)	–	(50)
At 30 September 2016 (unaudited)	8,928	343,526	37,209	123,411	(213)	(244,828)	268,033

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2017*

	Six months ended	
	30 September	
	2017	2016
	HK'000	HK'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(1,074)	(21,269)
Net cash generated from/(used in) investing activities	(7)	(10,007)
Net cash used in financing activities	–	(11,141)
Net decrease in cash and cash equivalents	(1,081)	(42,417)
Cash and cash equivalents at 1 April	13,772	88,814
Cash and cash equivalents at 30 September	12,691	46,397
Analysis of the balance of cash and cash equivalents		
Bank balances	12,691	46,397
Fixed deposits	–	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2017

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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

The unaudited condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 March 2017 which has been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”). The accounting policies and basis of preparation used in the preparation of unaudited condensed consolidated financial statements are consistent with those applied in the Company’s audited consolidated financial statements for the year ended 31 March 2017. The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value, as appropriate.

Except for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Group's financial year beginning on 1 April 2017, the significant judgement in applying accounting policies and the key sources of accounting estimates used in the unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Company's consolidated financial statements for the year ended 31 March 2017. The application of the new and revised HKFRSs have not had material impact on the results and financial positions of the Group for the current or prior accounting periods.

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

3. SEGMENT INFORMATION

An operating segment is a component of the Group that is engaged in business activities from which the Group may earn revenue and incur expenses, and is identified on the basis of the internal management reporting information that is provided to and regularly reviewed by the Group's chief operating decision maker in order to allocate resources and assess performance of the segment. For the six months ended 30 September 2017 and 2016, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, does not contain profit or loss information of each business line or geographical area and the executive directors reviewed the financial result of the Group as a whole reported under HKFRSs. Therefore, the executive directors have determined that the Group has only one single business component/reportable segment as the Group is only engaged in investment holding. The executive directors allocate resources and assess performance on an aggregated basis. Accordingly, no operating segment is presented.

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

	Revenue from		Specified	
	external customers		non-current assets	
	Six months ended		30	
	30 September		September	
	2017	2016	2017	March
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(audited)
Hong Kong	886	392	613	755
Other regions of People's Republic of China (the "PRC")	–	–	5,581	5,512
	886	392	6,194	6,267

4. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue:		
Interest income from assets at fair value through profit or loss	301	301
Dividend income from listed investments	585	91
	886	392
Other income:		
Bank interest income	–	82
Sundry income	32	2
	32	84
Total revenue and other income	918	476

5. LOSS BEFORE INCOME TAX EXPENSE

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Staff costs		
Salaries	1,493	1,817
Housing Allowance	200	—
Provident fund contributions	40	47
Total staff costs excluding directors' remuneration	1,733	1,864
Auditor's remuneration	244	213
Depreciation	123	209
Directors' remuneration	840	840
Investment managers' fee	360	360
Rent and rates	1,211	1,281

6. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% (six months ended 30 September 2016: 16.5%) on the estimated assessable profits for the period. Overseas tax is calculated at the rates applicable in the respective jurisdictions. No Hong Kong profits tax has been provided for the Period as the estimated assessable profits of the Group were offset by tax losses brought forward and the Group is not subject to tax in other jurisdictions for the Period (six months ended 30 September 2016: nil).

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

7. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: nil).

8. LOSS PER SHARE

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

	Six months ended	
	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	(7,344)	(5,443)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	8,821,857,294	8,928,038,393
Adjustment for share option granted	–	–
Weighted average number of ordinary shares for the purposes of diluted loss per share	8,821,857,294	8,928,038,393

No diluted loss per share has been presented for the corresponding period in 2016 as the potential ordinary share in respect of outstanding share options is anti-dilutive.

9. INTEREST IN AN ASSOCIATE

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Cost of Investment in an associate	6,080	6,080
Exchange differences	(456)	(525)
Share of loss of an associate	(43)	(43)
	5,581	5,512

Particulars of the associate are as follows:

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

Note:

The Group is able to exercise significant influence over Bonicast because it has the power to appoint one out of five directors of that company under the articles of association of that company. No dividend was received during the six months ended 30 September 2017 (six months ended 30 September 2016: nil).

10. AVAILABLE-FOR-SALE FINANCIAL ASSET

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Unlisted equity securities, at fair value	111,098	109,094

As at 30 September 2017, the Group held the following available-for-sale financial assets:

Name of investee company	note	Place of incorporation	Percentage of effective interest held	Fair value HK\$'000	
				30.9.2017 (unaudited)	31.03.2017 (audited)
Tianjin Bao Xin Ying Precious Metal Management Limited ("Bao Xin")	(a)	PRC	12.00%	5,351	5,256
Guang Zhou Shi Da Jian Credit Guarantee Limited ("Da Jian")	(b)	PRC	11.59%	7,430	7,219
China Petroleum Bio-energy Company Limited ("Bio-energy")	(c)	Hong Kong	5.69%	59,982	58,258
Yenbo Gain Limited ("Yenbo Gain")	(d)	BVI	18.18%	15,383	15,243
Perfect Worth Investment Limited ("Perfect Worth")	(e)	BVI	5.00%	3,053	3,116
Golden Resources Asia Limited ("Golden Resources")	(f)	BVI	14.00%	9,906	9,932
Huge Leader Investment Development Limited ("Huge Leader")	(g)	BVI	18.00%	9,993	10,070
				111,098	109,094

Notes:

- (a) Bao Xin is principally engaged in the trading of precious metals and gold products and investment advisory in Tianjin, the PRC. The initial cost of investment is HK\$6,590,000.

The Group's interest of Boa Xin is held through a nominated shareholder. The Company understands that there would be regulatory obstacles for the registration of transfer of equity interests of Bao Xin under the name of the Group directly. As such, the relevant arrangements in holding the 12% equity interest in Bao Xin were made.

The Company has obtained PRC legal opinion to confirm the validity and effectiveness of such arrangement. As stated in the PRC legal opinion, there are contractual and legal obligations binding on the nominated shareholder and such arrangements are valid and effective under the relevant PRC laws. In addition, the Company would obtain confirmations from Bao Xin and the nominated shareholder to confirm its beneficial interests in Bao Xin. Confirmation has been obtained from all the registered shareholders of Bao Xin to confirm the shareholding of the Group in Bao Xin.

The aforesaid arrangement has been in operation for years and the nominated shareholder(s) have complied with the relevant contractual and legal obligations and are the major shareholder of Bao Xin. As such, the Company considers that the associated risks that the nominated shareholder would be in breach of such arrangement would be relatively low. Having considered the time and costs to obtain the relevant approvals for the Group to become direct registered shareholder of Bao Xin and the associated risks of not being direct registered shareholder of Bao Xin, the Company considers that the relevant arrangements are appropriate under the current circumstances.

- (b) Da Jian is principally engaged in providing credit guarantee service in the PRC. The initial cost of investment is HK\$9,800,000.
- (c) Bio-energy is principally engaged in research, development and promotion of biomass energy and other agricultural related products. One of its subsidiary companies has obtained the development and operation right of a piece of land in Xinjiang, which is under construction and plantation of bio-oil crops and shelter belt plants. The initial cost of investment is HK\$24,400,000.
- (d) Yenbo Gain is principally engaged in cultivation and research of the fine and new varieties forest products together with the research and promotion of product cultivation technology for producing clean energy purposes. The initial cost of investment is HK\$13,092,000.
- (e) Perfect Worth is an investment holding company and its subsidiaries are principally engaged in the business of online distribution of footwear. The initial cost of investment is HK\$18,303,000.

- (f) Golden Resources Asia Limited is an investment holding company and its subsidiaries are principally engaged in the business of trading steel and its related products. The initial cost of investment of HK\$10,000,000.
- (g) Huge Leader is an investment holding company and its subsidiaries are principally engaged in the trading of engineering materials. The initial cost of investment of HK\$10,000,000.

The Group does not own or control more than 20% of the voting rights in any one of these investee companies. In the opinion of the directors, the Group is not able to exercise any significant influence on the financial and operating policies on these investee companies, and therefore all of these investments are not regarded as associates of the Group and are accounted for as available-for-sale financial assets for the period ended 30 September 2017.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2017 HK\$'000 (unaudited)	31 March 2017 HK\$'000 (audited)
Hong Kong listed securities, at market value (note a)	36,017	41,855
Investments in convertible bonds, at fair value (note b)	26,168	26,459
	62,185	68,314

Notes:

- (a) As at 30 September 2017, the Group held the following Hong Kong listed securities:

Name	Number of shares held	Percentage of interest held	Cost HK\$'000	Market value HK\$'000
Shandong Molong Petroleum Machinery Co., Limited (stock code: 00568.HK)	1,958,800 ordinary share	0.2455%	6,362	2,605
Haitong International Securities Group Limited (stock code: 00665.HK)	636,000 ordinary share	0.0117 %	2,888	2,862
Huadian Fuxin Energy Corporation Limited (stock code: 00816.HK)	1,638,000 ordinary share	0.0195 %	2,875	2,948
Dynagreen Environmental Protection Group Co., Limited (stock code: 01330.HK)	720,000 ordinary share	0.0689%	3,054	3,053
Great Wall Motor Company Limited (stock code: 02333.HK)	300,000 ordinary share	0.0033%	3,025	2,880
China Galaxy Securities Co., Limited (stock code: 06881.HK)	1,616,000 ordinary share	0.0159 %	11,435	11,070
A.Plus Group Holdings Limited (stock code: 08251.HK)	3,300,000 ordinary share	0.8250%	1,000	2,046
Feishang Non-metal Materials Technology Limited (stock code: 08331.HK)	1,260,000 ordinary share	0.2520%	1,669	2,142

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

- (b) On 22 December 2014, the Company invested in the 3% unsecured convertible bonds issued by Guanwan Investments Limited (“Guanwan”) at a face value of HK\$20,000,000, bearing coupon interest rate of 3% per annum. Guanwan is an investment holding company which indirectly holds 100% shares of its subsidiary, 深圳金特嬌服裝有限公司 (“金特嬌”). 金特嬌 is principally engaging in designing, manufacturing and retail of women’s dress in PRC. Each convertible bond due on 22 December 2017 is convertible into 24 fully paid ordinary shares of Guanwan with a par value of USD1.00 each at a conversion price of HK\$833,333 per conversion share. The Company can exercise the conversion at any time until the maturity date.

12. SHARE CAPITAL

	Number of ordinary shares of HK\$0.001 each	Nominal value HK\$'000
Authorised:		
At 31 March 2017 and 30 September 2017	100,000,000,000	100,000.00
Issued and fully paid:		
At 31 March 2017	8,821,857,294	8,822
At 30 September 2017	8,821,857,294	8,822

13. NET ASSET VALUE PER SHARE

Net asset value per share is calculated by dividing the net assets included in the condensed consolidated statement of financial position of approximately HK\$252,632,000 (31 March 2017: HK\$257,815,000) and the number of ordinary shares in issue as at 30 September 2017, being 8,821,857,294 (31 March 2017: 8,821,857,294).

14. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Salaries, equity-settled share-based payment, allowances and benefits in kind	1,733	1,869

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

Name of related party	Nature of transaction	Six months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
China Everbright Securities (HK) Limited ("China Everbright")	Investment manager fee	360	360

15. OPERATING LEASE COMMITMENTS

At 30 September 2017, the minimum lease payments under non-cancellable operating leases for leased premise payable are as follows:

	30 September	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Within one year	2,073	1432
In the second to fifth years inclusive	3,110	16
	5,183	1,448

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

For the Period, the Group recorded a loss of approximately HK\$7,334,000, as against a loss of approximately HK\$5,443,000 in 2016.

Loss per share for the Period was approximately HK\$0.08 cents (six months ended 30 September 2016: Loss per share approximately HK\$0.06 cents). The net asset value per share of the Company was approximately HK\$0.029 (31 March 2017: approximately HK\$0.029) as at 30 September 2017.

The investment portfolio of the Group as at 30 September 2017 was summarized as follows:

	Carrying value	Percentage of the total assets as at 30 September 2017
	HK\$'000	
Interest in an associate	5,581	2.20%
Available-for-sale financial asset	111,098	43.75%
Financial assets at fair value through profit or loss		
– Hong Kong listed equity securities, at market value	36,017	14.18%
– Investments in convertible bonds, at fair value	26,168	10.31%

Refundable Deposits for Potential Investment Projects

As disclosed in note 19 to the consolidated financial statements of the Company in the annual report for the year ended 31 March 2017, refundable deposits (the “Deposits”) of approximately HK\$59 million were placed. Those Deposits were relating to seven potential investees covering banking and financial industry in the PRC, a company engaged in research, development and promotion of biomass energy and other agricultural related products and four high technology companies. The brief details of the Deposits in those potential investments as at 31 March 2017 are as follows:

	Refundable deposits amount (HK\$)
Two companies involved in banking and financial industry	20M
A company in Hainan Province, the PRC engaged in research, development and promotion of biomass energy and other agricultural related products	9M
Four high technology companies referred by an investment agent (the “Investment Agent”)	30M

In relation to the two potential investees involved in the banking and financial industry in the PRC, the Group has completed its due diligence works. The Group understands that there is a requirement under the applicable PRC laws and regulations that the registered shareholder of such investees should have a profit-making track record period for not less than 3 financial years. The Company is in the course of identifying suitable special purpose vehicles for making investments.

The Group has completed its due diligence in respect of the potential investee engaged in research, development and promotion of biomass energy and other agricultural related products and believes that there are prospects in the business segment. However, the potential investee has received notice from authorities that the land used by the potential investee would be seized with compensation. In light of such uncertainty, the Company considers that it is in the interests of the Company and its shareholders as a whole that investment in the potential investee should be made after receipt by the potential investees of relevant land compensation. It is expected that the process would be completed on or before 31 December 2018.

In relation to those four high technology companies, those potential investment projects were only referred by the Investment Agent in 2017 to the Company and the Company is still in the course of negotiating with such potential investees regarding the investment plans, in particular if any industry leaders would co-invest in such potential investees. To the best of the Directors' knowledge, information and belief, the Investment Agent and its ultimate beneficial owner(s) are independent third parties and the Investment Agent has referred potential investees to the Company from time to time since 2014. It is common practice in the industry that the Company would have to produce fund proof and to make earnest monies such that the investment agent(s) could refer potential investees to the Company.

During the due diligence process, the Company has reviewed the financial positions of those relevant potential investees and considers that they have the capacity to return the Deposits. Furthermore, the Company has obtained annual confirmations from the relevant potential investees and/or Investment Agent which confirm repayment of the Deposits.

As at the date of this interim report, the Company has not entered into any formal investment agreements with the potential investees. However, it is expected that such investments, if materialised, would be made by December 2018 and the investment sums for each of the projects would be not less than the Deposits paid and the Deposits paid will be utilized towards the investment sums. For the avoidance of doubt, the investments shall be subject to the terms and conditions to be agreed by the parties and also the relevant policy and regulatory restrictions. In the event that the investments shall not be made, the Company shall have the right to demand the refund of the Deposits.

Financial Resources and Liquidity

As at 30 September 2017, the Group had cash and cash equivalents of approximately HK\$12,691,000 (31 March 2017: approximately HK\$13,772,000). The Group had net current assets and net assets of approximately HK\$135,340,000 (31 March 2017: HK\$142,454,000) and approximately HK\$252,632,000 (31 March 2017: HK\$250,370,000) respectively as at 30 September 2017. The Group had no bank and other borrowing as at 30 September 2017.

The current ratio, calculated on the basis of total current assets over total current liabilities, was approximately 105.27 (31 March 2017:79.19) as at 30 September 2017.

Interim Dividend

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

Capital Structure

Details in the changes of the capital structure of the Company for the Period are set out in note 12 to the condensed consolidated financial statements. The capital of the Company comprises only ordinary shares as at 30 September 2017.

Foreign Exchange Exposure

Most of the business transactions of the Group are denominated in Hong Kong dollars and Renminbi. The management of the Group will closely monitor the fluctuation in these currencies and take appropriate actions when needed. As at 30 September 2017, the Group did not engage in currency hedging nor did it adopt any formal hedging activities. The Group had not entered into any financial derivatives in currencies other than Hong Kong dollars during the Period.

Pledge of Assets and Contingent Liabilities

As at 30 September 2017, there were no charges on the Group's assets and the Group did not have any contingent liabilities.

Staff Cost

The Group's total staff costs (including directors' remuneration) amounted to approximately HK\$2,573,000 (six months ended 30 September 2016: HK\$2,704,000) for the Period. The employees were remunerated based on their responsibilities and performance.

Prospect

During the Period, China economy remains positive, riding on the supply side reform and private sector's earnings recovery. Infrastructure investment is picking up on the back of regional development initiatives, including the Belt and Road and the Beijing-Hebei-Tianjin Corridor. According to the National Bureau of Statistics of China, China's GDP recorded an increase of 6.9% in the first half of 2017, realizing the target of 6.5%-7% set by the PRC Government in the beginning of 2016. This is in line with the market expectation as the government has indicated that the PRC economy has entered into a new normal era featured with medium growth rates and economic structure optimization driven by capacity cuts and consumption upgrade.

The Group has a strong belief that there are opportunities for development in the PRC market. While the Group will seek opportunities to overweight high quality companies in traditional economic sectors. Besides, we will also allocate resources to major New Economy projects that are expected to benefit from China economic transformation and consumption upgrade such as internet, healthcare and consumer discretionary sectors. The Group will continue to adhere its investment strategy prudently and keep alert of potential risks.

The Group will endeavour to seek opportunities in potential investments in a bid to contribute favorable return for our stakeholders.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 30 September 2017, the interests and short positions held by the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, the "SFO") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

Long positions in shares and underlying shares of the Company

Name of Director/ chief executive	Capacity in which interests are held	Number of shares/underlying shares held		Total interests	Approximate percentage of shareholding <i>(note 1)</i>
		Number of shares held	Number of shares issuable on Share options held		
Mr. Chen Yin <i>(note 2)</i>	Interest of controlled corporation	1,091,880,000	–	1,091,880,000	12.38%
	Beneficial owner		27,300,000	27,300,000	0.31%
Mr. Zhang Xuming <i>(note 3)</i>	Interest of controlled corporation	722,640,000	–	722,640,000	8.19%
	Beneficial owner	–	81,100,000	81,100,000	0.92%
Mr. Chan Cheong Yee	Beneficial owner	–	81,100,000	81,100,000	0.92%
Mr. Fong Wo, Felix	Beneficial owner	–	30,000,000	30,000,000	0.34%
Mr. Leung Wing Kin	Beneficial owner	–	10,000,000	10,000,000	0.11%
Mr. Leung Chi Kong	Beneficial owner	–	20,000,000	20,000,000	0.23%

Notes:

1. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 8,821,857,294 shares as at 30 September 2017.
2. Mr. Chen Yin is deemed to have interests in 1,091,880,000 shares in the Company held by Micah Holdings Limited, a private company wholly-owned by Ms. Ji Jie, the spouse of Mr. Chen.
3. 722,640,000 shares are held by Salus Investments Limited, a company wholly and beneficially owned by Mr. Zhang Xuming, the executive director and chief executive officer of the Company.

Save as disclosed above, as at 30 September 2017, none of the Directors or chief executive of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2017, the following persons, other than a Director or chief executive of the Company, were interested or had short positions in more than 5% of the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name of Shareholder	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholding (note 1)
Micah Holdings Limited (note 2)	Beneficial owner	1,091,880,000	12.38%
Ms. Ji Jie	Interest of controlled corporation	1,091,880,000	12.38%
Salus Investments Limited (note 3)	Beneficial owner	722,640,000	8.19%

Notes:

1. The percentage of shareholding is calculated on the basis of the Company's issued share capital of 8,821,857,294 shares as at 30 September 2017.
2. Micah Holdings Limited is a private company wholly and beneficially owned by Ms. Ji Jie. Ms. Ji Jie is deemed to have interest in the shares held by Micah Holdings Limited.
3. Salus Investments Limited is a private company wholly and beneficially owned by Mr. Zhang Xuming, the chief executive officer of the Company.

Save as disclosed above, as at 30 September 2017, the Company was not notified of any persons, other than the Directors and the chief executive of the Company, having any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTIONS

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

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

Category	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options				
				At 1 April 2016	Granted during the Period	Exercised during the Period	Lapsed during the Period	At 30 September 2016
Executive director	24 January 2014	24 January 2014 – 23 January 2019	0.1824	6,000,000	–	–	–	6,000,000
Non-executive director	24 January 2014	24 January 2014 – 23 January 2019	0.1824	2,600,000	–	–	–	2,600,000
Independent non-executive directors	24 January 2014	24 January 2014 – 23 January 2019	0.1824	1,000,000	–	–	–	1,000,000
Others	24 January 2014	24 January 2014 – 23 January 2019	0.1824	54,330,000	–	–	–	54,330,000
Executive director	16 September 2014	16 September 2014 – 15 September 2019	0.1560	2,110,000	–	–	–	2,110,000
Non-executive director	16 September 2014	16 September 2014 – 15 September 2019	0.1560	130,000	–	–	–	130,000
Independent non-executive directors	16 September 2014	16 September 2014 – 15 September 2019	0.1560	5,000,000	–	–	–	5,000,000
Others	16 September 2014	16 September 2014 – 15 September 2019	0.1560	73,860,000	–	–	–	73,860,000
Total				145,030,000	–	–	–	145,030,000

Save as disclosed above, the Company has no other options, warrant, derivatives, convertible notes or other securities of the Company convertible into or giving rights to subscribe for shares as at 30 September 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not purchased, sold or redeemed any of the Company's Shares during the Period.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

CORPORATE GOVERNANCE PRACTICES

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

The code provision A.6.7 of the CG Code states that independent non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders. One independent non-executive director was unable to attend the annual general meeting of the Company held on 31 August 2017 due to his other important engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the Period, the Company complied with the code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Model Code in Appendix 10 to the Listing Rules. Having made specific enquiry to all directors, all directors confirmed that they had complied with the required standard of dealings and its code of conduct regarding securities transactions by directors throughout the Period.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

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

The Group's unaudited interim financial information for the Period has been reviewed by the Audit Committee.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This report is published on the Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.chinainvestment.com.hk>). The Company's 2017 interim report will be made available on the websites of the Company and the Stock Exchange and will be despatched to the Company's shareholders in due course.

ACKNOWLEDGEMENT

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

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

Hong Kong, 30 November 2017