



**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
2018



CORPORATION INFORMATION

BOARD OF DIRECTORS

Executive Director

Mr. Chan Cheong Yee

Non-executive Directors

Ms. Yang Xiaoqiu (*Chairman*)

Mr. Chen Yin

Mr. Zhang Kun

Independent Non-executive Directors

Mr. Wan Tat Wai, David

Mr. Ho Kim Fung

Mr. Li Li

AUDIT COMMITTEE

Mr. Ho Kim Fung (*Chairman*)

Mr. Wan Tat Wai, David

Mr. Li Li

REMUNERATION COMMITTEE

Mr. Wan Tat Wai, David (*Chairman*)

Mr. Chen Yin

Mr. Ho Kim Fung

Mr. Li Li

NOMINATION COMMITTEE

Mr. Wan Tat Wai, David (*Chairman*)

Mr. Chen Yin

Mr. Ho Kim Fung

Mr. Li Li

RISK MANAGEMENT COMMITTEE

Mr. Ho Kim Fung (*Chairman*)

Mr. Wan Tat Wai, David

Mr. Li Li

COMPANY SECRETARY

Ms. Chan So Fong

INVESTMENT MANAGER

China Everbright Securities (HK) Limited

PRINCIPAL BANKERS

Dah Sing Bank, Limited

China Citic Bank International Limited

Bank of Communications Co., Limited

AUDITOR

BDO Limited

Certified Public Accountants

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

The board of directors (the “Board”) of China Investment Development Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2018 together with the comparative figures for the corresponding period in 2017. The unaudited interim results have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2018

	Notes	Six months ended 30 September	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	5	301	301
Other income	5	455	617
Change in fair value of financial assets at fair value through profit or loss		(905)	(3,081)
Net realised (loss)/gain on disposal of financial assets at fair value through profit or loss		(3,047)	1,199
Administrative expenses		(12,809)	(6,380)
Share of result of an associate		–	–
Loss before income tax expense	6	(16,005)	(7,344)
Income tax expense	7	–	–
Loss for the period attributable to owners of the Company		(16,005)	(7,344)

Six months ended 30 September

	Note	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Changes in fair value of financial assets at fair value through other comprehensive income		(26,620)	–
Items that may be reclassified subsequently to profit or loss:			
Changes in fair value of available-for-sale financial assets		–	2,067
Exchange difference arising from an associate		(543)	69
Other comprehensive income for the period, net of tax		(27,163)	2,136
Total comprehensive income for the period		(43,168)	(5,208)
Loss per share			
– Basic (<i>HK cent per share</i>)	9	(0.18)	(0.08)
– Diluted (<i>HK cent per share</i>)		(0.18)	(0.08)
Proceeds from disposal of financial assets at fair value through profit or loss		27,713	27,029

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 30 September 2018*

	Notes	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		383	500
Interest in an associate	10	5,566	6,109
Available-for-sale financial assets	11	–	98,814
Financial assets at fair value through other comprehensive income	12	72,194	–
Total non-current assets		78,143	105,423
Current assets			
Financial assets at fair value through profit or loss	13	47,344	57,668
Other receivables, deposits and prepayments		56,244	62,304
Bank and cash balances		8,488	5,744
Total current assets		112,076	125,716
Current liabilities			
Other payables and accrued charges		3,069	821
Total current liabilities		3,069	821
Net current assets		109,007	124,895
Net assets		187,150	230,318
EQUITY			
Equity attributable to owners of the Company			
Share capital	14	8,822	8,822
Reserves		178,328	221,496
Total equity		187,150	230,318
Net asset value per share	15	HK\$0.021	HK\$0.026

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 30 September 2018*

	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 2018 (audited)	8,822	343,632	27,837	123,411	73	(273,457)	230,318
Loss for the period	-	-	-	-	-	(16,005)	(16,005)
Lapse of share options	-	-	-	(11,928)	-	11,928	-
Other comprehensive income							
– Changes in fair value of financial assets at fair value through other comprehensive income	-	-	(26,620)	-	-	-	(26,620)
– Exchange difference arising from an associate	-	-	-	-	(543)	-	(543)
At 30 September 2018 (unaudited)	8,822	343,632	1,217	111,483	(470)	(277,534)	187,150
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							
– Changes in fair value of available-for-sale financial assets	-	-	2,067	-	-	-	2,067
– Exchange difference arising from an associate	-	-	-	-	69	-	69
At 30 September 2017 (unaudited)	8,822	343,632	38,634	123,411	(456)	(261,411)	252,632

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS*For the six months ended 30 September 2018*

	Six months ended	
	30 September	
	2018	2017
	HK'000	HK'000
	(unaudited)	(unaudited)
Net cash flows from/(used in) operating activities	2,749	(1,074)
Net cash flows used in investing activities	(5)	(7)
Net cash flows used in financing activities	–	–
Net increase/(decrease) in cash and cash equivalents	2,744	(1,081)
Cash and cash equivalents at 1 April	5,744	13,772
Cash and cash equivalents at 30 September	8,488	12,691
Analysis of the balance of cash and cash equivalents		
Bank and cash balances	8,488	12,691

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The condensed consolidated financial statements for the six months ended 30 September 2018 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which has been measured at fair value. These condensed consolidated financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest dollar except when otherwise indicated.

The condensed consolidated financial 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 as at 31 March 2018, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 March 2018, except for the adoption of the following new and revised HKFRSs as of 1 April 2018, noted below:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

Details of the changes in accounting policies are discussed below.

HKFRS 9

Financial Instruments

The nature and the impact of the amendments are described below:

The classification and measurement requirements of HKFRS 9 have been adopted retrospectively as of the date of initial application on 1 April 2018. However, the Company has chosen to take advantage of the option not to restate comparatives. Therefore, the comparative figures are presented and measured under HKAS 39. The Company has designated those financial assets originally classified as available-for-sale financial assets ("AFS") to financial assets at fair value through other comprehensive income ("FVOCI") on 1 April 2018. There is no significant impact on the classification and measurement of the AFS elected to be classified as FVOCI which is stated at fair value before. However, gains or loss realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the fair value reserve (non-recycling) to retained earnings.

In line with the characteristics of the Company's financial instruments as well as its approach to their management, the Company neither revoked nor made any new designations on the date of initial application. HKFRS 9 has not resulted in changes in the carrying amount of the Company's financial instruments due to changes in measurement categories. All financial assets that were classified as fair value through profit or loss under HKAS 39 are still classified as fair value through profit or loss under HKFRS 9. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be.

The carrying amounts of amortised cost instruments continued to approximate these instruments' fair values on the date of transition after transitioning to HKFRS 9.

The adoption of HKFRS 9 at the date of initial application on 1 April 2018 has no impact on the condensed consolidated financial statements of the Group with regard to the measurement of financial instruments nor has any material impairment been recognised upon application of the expected loss approach as at same date.

HKFRS 15

Revenue from Contracts with Customers

The Group has applied HKFRS 15 on 1 April 2018. This new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services.

HKFRS 15 has superseded existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations. The adoption of HKFRS 15 at the date of initial application on 1 April 2018 does not have material effect on the Group's condensed consolidated financial statements.

Except as stated above, the adoption of new or revised HKFRSs has no significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period and prior years.

The Company has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these condensed consolidated financial statements.

Amendments to HKFRS 9

Prepayment Features with Negative Compensation¹

Amendments to HKFRS 10 and HKAS 28 (2011)

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture¹

HKFRS 16

Leases¹

HKFRS 17

Insurance Contracts²

HK(IFRIC) - Int 23

Uncertainty over Income Tax Treatments¹

Annual Improvements 2015–2017 Cycle

Amendments to a number of HKFRS issued in February 2018¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2021

4. 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 2018 and 2017, the information reported to the executive directors, who are the chief operating decision makers for the purpose of resource allocation and assessment of performance, do 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 and interest in an associate (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, is as follows:

	Revenue from external customers		Specified non-current assets	
	Six months ended		30 September	
	30 September		31 March	
	2018	2017	2018	2018
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
(unaudited)	(unaudited)	(unaudited)	(audited)	
Hong Kong (place of domicile)	301	301	383	500
Other regions of the People's Republic of China (the "PRC")	-	-	5,566	6,109
	301	301	5,949	6,609

5. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

	Six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest income from financial assets at fair value through profit or loss	301	301
Revenue	301	301
Other income:		
Others	–	32
Dividend income	455	585
	455	617
Total revenue and other income	756	918

The Group's revenue represents interest income from convertible bonds. No other source of income contributed to the Group's revenue for both 2018 and 2017.

6. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense is stated after charging the following:

	Six months ended	
	30 September	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Employee benefit expenses (including directors' remuneration)	2,303	2,573
Depreciation	122	123
Investment managers' fee	360	360
Provision for impairment loss for deposit paid	5,900	–

7. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits for the period. Overseas tax is calculated at the rates applicable in the respective jurisdictions. No provision for income tax expense is required since the Group has no assessable profits either arising from Hong Kong or other jurisdictions during the period (2017: Nil).

8. DIVIDEND

The directors do not recommend the payment of an interim dividend for the six months ended 30 September 2018 (2017: Nil).

9. LOSS PER SHARE

The calculation of basic loss per share amounts is based on the loss for the period attributable to owners of the Company and the weighted average number of ordinary shares of 8,821,857,294 (2017: 8,821,857,294) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 September 2018 and 2017 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

10. INTEREST IN AN ASSOCIATE

	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
Share of net assets	5,566	6,109

Particulars of the associate are as follows:

Name of associate	Place of establishment/ operation	Issued and fully paid registered capital	Percentage of equity held by the Group	Proportion of voting power	Principal activity
Bonicast Construction Material (Beijing) Co., Ltd. ("Bonicast")	PRC	Registered RMB10,000,000	49%	20% <i>(Note)</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.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
Unlisted equity securities in PRC, at cost	–	92,185
Fair value adjustment	–	6,629
	–	98,814

Upon adoption of HKFRS 9, the Company has designated those financial assets originally classified as available-for-sale financial assets to financial assets at fair value through other comprehensive income. Further details of the Company's investments in financial assets at fair value through other comprehensive income after the transition to HKFRS 9 on 1 April 2018 are included in note 12 to the condensed consolidated financial statements.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
Unlisted equity securities in PRC, at cost	92,185	—
Fair value adjustment	(19,991)	—
	72,194	—

The Company's unlisted equity securities in PRC designated by the Company as at fair value through other comprehensive income after the transition to HKFRS 9.

Particulars of investments in unlisted equity securities held by the Group disclosed pursuant to Chapter 21 of Listing Rules are as follows:

Name of investee company	Notes	Place of incorporation	Percentage of effective interest held	Fair value HK\$'000	
				30.9.2018 (unaudited)	31.03.2018 (audited)
Tianjin Bao Xin Ying Precious Metal Management Limited ("Bao Xin")	(a)	PRC	12.00%	4,974	5,564
Guang Zhou Shi Da Jian Credit Guarantee Limited ("Da Jian")	(b)	PRC	11.59%	6,088	6,808
China Petroleum Bio-energy Company Limited ("Bio-energy")	(c)	Hong Kong	5.69%	34,037	50,501
Yenbo Gain Limited ("Yenbo Gain")	(d)	BVI	18.18%	8,592	13,960
Perfect Worth Investment Limited ("Perfect Worth")	(e)	BVI	5.00%	1,048	2,149
Golden Resources Asia Limited ("Golden Resources")	(f)	BVI	14.00%	8,550	9,828
Huge Leader Investment Development Limited ("Huge Leader")	(g)	BVI	18.00%	8,905	10,004
				72,194	98,814

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 Bao 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 has obtained 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 subsidiaries has obtained the development and operation right of a piece of land in Xinjiang Province, which is under construction and plantation of bio-oil crops and shelter belt plants. The initial cost of investment is HK\$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 is an investment holding company and its subsidiaries are principally engaged in the business of trading steel and related products. The initial cost of investment is 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 is HK\$10,000,000.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
Hong Kong listed equity securities, at market value <i>(Note a)</i>	18,653	30,568
Investments in convertible bonds, at fair value <i>(Note b)</i>	28,691	27,100
	47,344	57,668

Notes:

- (a) Particulars of the major investments of listed equity securities held by the Group as at 30 September 2018 are as follows:

Name	Number of shares held	Percentage of interest held	Cost HK\$'000	Market value HK\$'000
Sino Haijing Holdings Limited (stock code: 001106.HK)	10,500,000 ordinary share	0.0788%	2,999	2,835
Golden Ponder Holdings Limited (stock code: 001783.HK)	8,500,000 ordinary share	1.0625%	2,984	2,593
China Financial Leasing Group Limited (stock code: 002312.HK)	5,000,000 ordinary share	0.3112%	3,006	2,400
C&N Holdings Limited (stock code: 008430.HK)	5,000,000 ordinary share	0.7813%	2,406	2,275
Wan Leader International Limited (stock code: 008482.HK)	12,250,000 ordinary share	1.4583%	3,047	3,050
Eggriculture Foods Ltd. (stock code: 008609.HK)	6,000,000 ordinary share	1.2000%	3,001	2,670

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

- (b) On 22 December 2017, the Company renewed 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, 深圳金特嬌服装有限公司 ("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 2020 are 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.

14. SHARE CAPITAL

	Number of ordinary shares of HK\$0.001 each	Nominal value HK\$'000
Authorised:		
At 31 March 2018 and 30 September 2018	100,000,000,000	100,000
Issued and fully paid:		
At 31 March 2018 and 30 September 2018	8,821,857,294	8,822

15. 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\$187,150,000 (31 March 2018: HK\$230,318,000) and the number of ordinary shares in issue as at 30 September 2018, being 8,821,857,294 (31 March 2018: 8,821,857,294).

16. 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	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries, allowances and benefits in kind	907	1,733

- (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	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
China Everbright Securities (HK) Limited ("China Everbright")	Investment manager fee	360	360

Note:

On 30 April 2018, the Company renewed the investment management agreement with China Everbright for a period of three years effective from 1 May 2018.

17. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the minimum lease payments under non-cancellable operating leases for leased premise are as follows:

	30 September 2018 HK\$'000 (unaudited)	31 March 2018 HK\$'000 (audited)
Within one year	2,164	2,138
In the second to fifth years inclusive	987	1,939
	3,151	4,077

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the six months ended 30 September 2018 (the “Period”), the Group’s revenue was approximately HK\$301,000, which remain unchanged when compared with that of last year. Loss for the Period attributable to owners of the Company was approximately HK\$16,005,000, representing an increase of 117.9% over the corresponding period last year. The increase in loss attributable to owners of the Company was mainly attributable to the realised loss (2017: gain) on disposal of financial assets at fair value through profit or loss and provision for impairment loss for deposit paid of approximately HK\$5,900,000.

Loss per share for the Period was HK0.18 cents (2017: HK0.08 cents). As at 30 September 2018, the net asset value per share of the Group was HK\$0.021 (31 March 2018: HK\$0.026). The decrease in net asset value per share was mainly due to the increase in loss attributable to owners of the Company as mentioned above and the decrease in fair value of the unlisted equity securities of approximately HK\$26,620,000.

Portfolio allocation

	30 September 2018	31 March 2018
Interest in an associate	3%	3%
Unlisted equity securities	38%	43%
Listed equity securities	10%	13%
Investments in convertible bonds	15%	12%
Bank and cash balance	4%	2%
Other assets	30%	27%
Total assets	100%	100%

Details of interest in an associate, unlisted and listed equity securities and investments in convertible bonds are set out in notes 10 to 13 to the condensed consolidated financial statements.

Refundable deposits for potential investment projects

As disclosed in the consolidated financial statements of the Company in the annual result for the year ended 31 March 2018, 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 30 September 2018 are as follows:

	Refundable deposits amount (HK\$'000)
Two companies involved in banking and financial industry	20,000
A company in Hainan Province, the PRC, engaged in research, development and promotion of biomass energy and other agricultural related products	9,000
Four high technology companies referred by an investment agent (the “Investment Agent”)	30,000
	59,000
Less: provision for impairment Loss	(5,900)
	53,100

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.

During the Period, the Group is required to revise its impairment methodology under HKFRS9 for each class of assets. Based on the market conditions, a provision for impairment loss for Deposits was made during the Period.

As at the date of this interim report, the Company has not entered into any formal investment agreements with the potential investees. The Company is in the process to confirm with the potential investees on whether the investments will be made and if not, will demand the refund of the Deposits.

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 September 2018, the Group had cash and cash equivalents of approximately HK\$8,488,000 (31 March 2018: approximately HK\$5,744,000). The Group had net current assets and net assets of approximately HK\$109,007,000 (31 March 2018: HK\$124,895,000) and approximately HK\$187,150,000 (31 March 2018: HK\$230,318,000) respectively as at 30 September 2018. The Group had no bank and other borrowing as at 30 September 2018.

The current ratio, calculated on the basis of total current assets over total current liabilities, was approximately 36.52 (31 March 2018: 153.13) as at 30 September 2018.

CAPITAL STRUCTURE

There were no changes in the capital structure of the Company for the Period. The capital of the Company comprises only ordinary shares as at 30 September 2018.

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 2018, 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 2018, there were no charges on the Group's assets and the Group had no material contingent liabilities.

STAFF COST AND REMUNERATION POLICY

As at 30 September 2018, the Group had a total of 14 employees. The Group's total staff costs (including directors' remuneration) amounted to approximately HK\$2,303,000 (2017: HK\$2,573,000) for the Period. The Company adopted the model set out in Code Provision B.1.2(c)(ii) of Appendix 14 to the Listing Rules as its remuneration model for determining the emoluments of the directors. This model stipulates that the remuneration committee shall make recommendations to the Board on the remuneration packages of individual executive directors and senior management. The remuneration committee of the Company would take into consideration, among other things, the duties and responsibilities of the directors and senior management and prevailing market conditions when determining their remuneration.

The Company has adopted a share option scheme to provide incentives to eligible persons, including directors, employees, consultants, suppliers and customers of the Group.

SUSPENSION OF TRADING

Reference is made to the announcements of the Company dated 23 July 2018, 30 July 2018, 30 August 2018, 30 October 2018, 28 November 2018 and 4 December 2018, the trading in shares of the Company on the Stock Exchange has been suspended since 23 July 2018.

PROSPECT

Looking forward, the Group will keep on seeking business investment opportunities in the Chinese enterprises with potentials, especially optimistic about the enterprises in relation to the Belt and Road Initiative and Guangdong-Hong Kong-Macao Bay Area (The Greater Bay Area). The Group believes that they will bring considerable long-term returns.

The Group will adopt a pragmatic and enterprising approach to deploy the investment strategy, with an objective to contribute favorable return for our shareholders.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 30 September 2018, 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
		Number of shares held	Number of shares issuable on share options held <i>(Note 2)</i>		
Mr. Chen Yin <i>(Note 3)</i>	Interest of spouse	1,091,880,000	–	1,091,880,000	12.38%
	Beneficial owner	–	27,300,000	27,300,000	0.31%
Ms. Yang Xiaoqiu	Beneficial owner	284,000,000	–	284,000,000	3.22%
Mr. Chan Cheong Yee	Beneficial owner	–	81,100,000	81,100,000	0.92%

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 2018.
2. The relevant interests are share options granted pursuant to the Company's share option scheme adopted on 9 April 2009 (the "Scheme"). Upon exercise of the share options in accordance with the Scheme, ordinary shares of HK\$0.001 each in the share capital of the Company are issuable. The share options are personal to the respective Directors and the holders thereof are entitled to subscribe for shares of the Company.
3. Under the SFO, Mr. Chen Yin is deemed to have interest 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.

Save as disclosed above, as at 30 September 2018, 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 2018, the following persons, other than the Director and chief executive of the Company as disclosed in the section titled “Directors’ and Chief Executive’s Interests in shares, underlying shares and debentures”, 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:

Name of shareholder	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholding <i>(Note 1)</i>
Micah Holdings Limited <i>(Note 2)</i>	Beneficial owner	1,091,880,000	12.38%
Ms. Ji Jie	Interest of controlled corporation	1,091,880,000	12.38%

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 2018.
2. Micah Holdings Limited, a private limited company incorporated in the British Virgin Islands, and wholly and beneficially owned by Ms. Ji Jie, the spouse of Mr. Chen Yin, a non-executive director of the Company. Mr. Chen Yin is deemed to have interest in the shares held by Micah Holdings Limited under the SFO.

Save as disclosed above, as at 30 September 2018, 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

The Company operates a share option scheme (the “Scheme”) for the purpose of providing incentives and rewards to eligible participants for their contribution to, and continuing efforts to promote the interests of, the Group. The Scheme was adopted on 9 April 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. Details of the Scheme are set out in the published annual report of the Company for the year ended 31 March 2018.

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 2018	Granted during the Period	Exercised during the Period	Lapsed during the Period	At 30 September 2018
Executive director	24 January 2014	24 January 2014 to 23 January 2019	0.1824	12,000,000	–	–	(6,000,000)	6,000,000
Non-executive director	24 January 2014	24 January 2014 to 23 January 2019	0.1824	2,600,000	–	–	–	2,600,000
Independent non-executive directors	24 January 2014	24 January 2014 to 23 January 2019	0.1824	1,000,000	–	–	(1,000,000)	–
Others	24 January 2014	24 January 2014 to 23 January 2019	0.1824	48,330,000	–	–	–	48,330,000
Executive director	16 September 2014	16 September 2014 to 15 September 2019	0.1560	4,220,000	–	–	(2,110,000)	2,110,000
Non-executive director	16 September 2014	16 September 2014 to 15 September 2019	0.1560	130,000	–	–	–	130,000
Independent non-executive directors	16 September 2014	16 September 2014 to 15 September 2019	0.1560	5,000,000	–	–	(5,000,000)	–
Others	16 September 2014	16 September 2014 to 15 September 2019	0.1560	71,750,000	–	–	–	71,750,000
Total				145,030,000	–	–	(14,110,000)	130,920,000

* As a result of the share subdivision effected on 2 January 2015, the exercise prices were adjusted to HK\$0.1824 and HK\$0.1560, and one share option was adjusted to subscribe for 10 ordinary shares of the Company.

No share option was granted during the six months ended 30 September 2018.

Save as disclosed above, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

There was no purchase, sale or redemption of listed securities of the Company by the Company or any of its subsidiaries during the Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the Period, the Company has complied with the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules except for the following:

Deviation from Code Provision A.2.1 of the CG Code

Code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The position of chief executive officer of the Company has not been filled since 17 August 2018. The Chairman of the Board provides leadership to the Board to ensure that the Board works effectively and all important issues are discussed in a timely manner. The day-to-day management of the Group’s business is handled by the executive director with the support of a competent working team. The Board believes that the present arrangement is adequate to ensure an effective management and control of the Group’s business operations. The Board will continue to review the effectiveness of the Group’s structure as business continues to grow and develop in order to assess whether any changes, including the appointment of a chief executive officer, are necessary.

Deviation from Code provision A.4.1 of the CG Code

The code provision A.4.1 of the CG Code requires that non-executive directors should be appointed for a specific term. Mr. Chen Yin, Ms. Yang Xiaoqiu, Mr. Fong Wo, Felix, Mr. Leung Chi Kong and Mr. Leung Wing Kin were not appointed for a specific term. However, they are subject to retirement by rotation and eligible for re-election according to the bye-laws of the Company. Mr. Fong Wo, Felix, Mr. Leung Wing Kin and Mr. Leung Chi Kong resigned as independent non-executive directors of the Company in July 2018.

Non-compliance with Rules 3.10(1), 3.10A, 3.10(2), 3.21 and 3.25 of the Listing Rules and Deviation from Code Provision A.5.1 of the CG Code

During the period from the resignation of Mr. Fong Wo, Felix on 23 July 2018 and Mr. Leung Wing Kin and Mr. Leung Chi Kong on 27 July 2018 to the appointment of Mr. Wan Tat Wai, David, Mr. Ho Kim Fung and Mr. Li Li on 30 July 2018, the Company did not have any independent non-executive directors as required under the following Listing Rules:

- (a) at least three independent non-executive directors on the Board under Rule 3.10(1) of the Listing Rules;
- (b) independent non-executive directors who represent at least one-third of the Board under Rule 3.10A of the Listing Rules;
- (c) at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise (the “Qualifications”) under Rule 3.10(2) of the Listing Rules;
- (d) the audit committee comprising only non-executive directors with a minimum of three members and chaired by an independent non-executive director, and at least one of the members is an independent non-executive director who possesses the Qualifications under Rule 3.21 of the Listing Rules;
- (e) the remuneration committee comprising a majority of independent non-executive directors and chaired by an independent non-executive director under Rule 3.25 of the Listing Rules; and
- (f) the nomination committee comprising a majority of independent non-executive directors under code provision A.5.1 of the CG Code.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, there was no change to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the date of the 2018 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the directors. Having made specific enquiry by the Company, the directors, except for Mr. Chen Yin, have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 September 2018. During the Period, the Company was not aware of any non-compliance with the required standards as set out in the Model Code.

By Order of the Board
China Investment Development Limited
Yang Xiaoqiu
Chairman

Hong Kong, 21 December 2018