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## 中國投資基金有限公司

CHINA INVESTMENT FUND COMPANY LIMITED

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

*(formerly known as China Ding Yi Feng Holdings Limited)*

**(Stock code: 00612)**

### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021**

#### **INTERIM RESULTS**

The Board (the “Board”) of Directors (the “Directors”) of China Investment Fund Company Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021 (the “period”), together with comparative figures for the corresponding period in 2020.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2021*

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	<b>(unaudited)</b>
Revenue	4	258	451
Other income		171	643
Net realised loss on disposals of financial assets at fair value through profit or loss		(21,928)	—
Net unrealised loss on financial assets at fair value through profit or loss		<u>(52,277)</u>	<u>(11,934)</u>
		(73,776)	(10,840)
Net gain on disposals of subsidiaries		—	4
Administrative expenses		(43,514)	(46,169)
Finance costs	6	<u>(10,114)</u>	<u>(14,245)</u>
Loss before tax	7	(127,404)	(71,250)
Taxation	8	<u>78,885</u>	<u>—</u>
Loss for the period attributable to owners of the Company		<u><u>(48,519)</u></u>	<u><u>(71,250)</u></u>
Loss per share	10		
— Basic (HK cents)		<u><u>(3.65)</u></u>	<u><u>(5.59)</u></u>
— Diluted (HK cents)		<u><u>(3.65)</u></u>	<u><u>(5.59)</u></u>

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

*For the six months ended 30 June 2021*

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Loss for the period attributable to owners of the Company	<u><b>(48,519)</b></u>	<u>(71,250)</u>
<b>Other comprehensive income (expense):</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>7,891</b>	(1,659)
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value loss on equity instruments at fair value through other comprehensive income	<u>—</u>	<u>(875)</u>
Other comprehensive income (expense) for the period, net of tax	<u><b>7,891</b></u>	<u>(2,534)</u>
Total comprehensive expense for the period attributable to owners of the Company	<u><b>(40,628)</b></u>	<u>(73,784)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 June 2021*

		30 June 2021	31 December 2020
	<i>Notes</i>	<b><i>HK\$'000</i></b> <b>(unaudited)</b>	<b><i>HK\$'000</i></b> <b>(audited)</b>
<b>Non-current assets</b>			
Property, plant and equipment		516,843	517,247
Intangible assets		13,301	13,301
Right-of-use assets		15,496	21,818
Deferred tax assets		12,132	—
Rental and utility deposits	<i>11</i>	4,473	4,415
		562,245	556,781
<b>Current assets</b>			
Prepayments, deposits and other receivables	<i>11</i>	3,036	7,143
Financial assets at fair value through profit or loss	<i>12</i>	552,836	682,142
Bank balances and cash		157,759	182,272
		713,631	871,557
<b>Current liabilities</b>			
Accruals and other payables		9,458	10,095
Borrowings	<i>13</i>	54,559	82,605
Lease liabilities		9,060	10,952
		73,077	103,652
<b>Net current assets</b>		<b>640,554</b>	<b>767,905</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
(CONTINUED)**

*At 30 June 2021*

		<b>30 June</b>	31 December
		<b>2021</b>	2020
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>Total assets less current liabilities</b>		<b><u>1,202,799</u></b>	<u>1,324,686</u>
<b>Non-current liabilities</b>			
Borrowings	<i>13</i>	<b>122,855</b>	137,751
Lease liabilities		<b>6,577</b>	10,972
Deferred tax liabilities		<b>—</b>	66,753
		<b><u>129,432</u></b>	<u>215,476</u>
<b>Net assets</b>		<b><u>1,073,367</u></b>	<u>1,109,210</u>
<b>Capital and reserve</b>			
Share capital	<i>14</i>	<b>66,690</b>	66,394
Reserves		<b><u>1,006,677</u></b>	<u>1,042,816</u>
<b>Total equity</b>		<b><u>1,073,367</u></b>	<u>1,109,210</u>
Net asset value per share	<i>10</i>	<b><u>HK\$0.80</u></b>	<u>HK\$0.84</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the six months ended 30 June 2021*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	FVTOCI reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021 (audited)	66,394	803,143	43,520	9,428	524,157	—	(337,432)	1,109,210
Loss for the period	—	—	—	—	—	—	(48,519)	(48,519)
Other comprehensive income:								
Exchange differences arising on translation of foreign operations	—	—	7,891	—	—	—	—	7,891
Total comprehensive expense for the period	—	—	7,891	—	—	—	(48,519)	(40,628)
Exercise of share options	296	5,860	—	(1,371)	—	—	—	4,785
At 30 June 2021 (unaudited)	<u>66,690</u>	<u>809,003</u>	<u>51,411</u>	<u>8,057</u>	<u>524,157</u>	<u>—</u>	<u>(385,951)</u>	<u>1,073,367</u>
At 1 January 2020 (audited)	61,836	575,477	(4,199)	9,610	65,158	(844)	(619,106)	87,932
Loss for the period	—	—	—	—	—	—	(71,250)	(71,250)
Other comprehensive expense:								
Exchange differences arising on translation of foreign operations	—	—	(1,659)	—	—	—	—	(1,659)
Fair value loss on equity instruments at fair value through other comprehensive income (“FVTOCI”)	—	—	—	—	—	(875)	—	(875)
Total comprehensive expense for the period	—	—	(1,659)	—	—	(875)	(71,250)	(73,784)
Issue of shares under placement of shares	3,319	174,174	—	—	—	—	—	177,493
Contributions from a shareholder	—	—	—	—	458,999	—	—	458,999
Transfer of investment revaluation reserve upon disposal of equity instruments at FVTOCI	—	—	—	—	—	1,719	(1,719)	—
At 30 June 2020 (unaudited)	<u>65,155</u>	<u>749,651</u>	<u>(5,858)</u>	<u>9,610</u>	<u>524,157</u>	<u>—</u>	<u>(692,075)</u>	<u>650,640</u>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2021*

## 1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares has been listed on the Stock Exchange of Hong Kong Limited (“Stock Exchange”) since 2 January 2002. The address of the registered office of the Company is Unit 6602–03, Level 66, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries are investing in listed and unlisted securities.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2021 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 the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements of the Group have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended 31 December 2020.

The condensed consolidated financial statements are unaudited, but have been reviewed by the Company’s audit committee (the “Audit Committee”). The condensed consolidated financial statements for the six months ended 30 June 2021 were approved and authorised for issue by the Board of Directors on 20 August 2021.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2021 are consistent with those adopted by the Group in its audited consolidated financial statements for the year ended 31 December 2020 except for the adoption of the new and amendments to Hong Kong Financial Reporting Standards (the “New and Amendments to HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that are effective for the first time for the current period’s financial statements.

The Group has not applied any New and Amendments to HKFRSs that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such New and Amendments to HKFRSs to the Group but is yet in a position to state whether they would have any material financial impact on the Group’s results of operations and financial position.

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Details of the changes in accounting policies are set out as below:

#### Changes in Hong Kong Financial Reporting Standards (“HKFRSs”)

The HKICPA has issued a number of new and amendments to HKFRSs that become effective for the current accounting period of the Group:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

The application of above new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 4. REVENUE

An analysis of the Group’s revenue for the period is as follows:

	Six months ended 30 June	
	2021 HK\$’000 (unaudited)	2020 HK\$’000 (unaudited)
Interest income from banks and financial institutions	258	215
Dividend income from listed investments	—	236
	<b>258</b>	<b>451</b>

### 5. SEGMENT INFORMATION

For the six months ended 30 June 2021 and 2020, the Group’s revenue was mainly interest income from banks and financial institutions and dividend income from listed investments. The directors of the Company 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 and other jurisdictions		Consolidated	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2021 HK\$’000 (unaudited)	2020 HK\$’000 (unaudited)	2021 HK\$’000 (unaudited)	2020 HK\$’000 (unaudited)	2021 HK\$’000 (unaudited)	2020 HK\$’000 (unaudited)
Segment revenue:						
Interest income from banks and financial institutions	203	181	55	34	258	215
Dividend income from listed investments	—	236	—	—	—	236
	<b>203</b>	<b>417</b>	<b>55</b>	<b>34</b>	<b>258</b>	<b>451</b>



## 5. SEGMENT INFORMATION (CONTINUED)

	Hong Kong		PRC and other jurisdictions		Consolidated	
	30 June 2021 <i>HK\$'000</i> (unaudited)	31 December 2020 <i>HK\$'000</i> (audited)	30 June 2021 <i>HK\$'000</i> (unaudited)	31 December 2020 <i>HK\$'000</i> (audited)	30 June 2021 <i>HK\$'000</i> (unaudited)	31 December 2020 <i>HK\$'000</i> (audited)
Non-current assets*	30,295	36,822	515,345	515,544	545,640	552,366
Total assets	631,750	803,208	644,126	625,130	1,275,876	1,428,338
Total liabilities	202,500	318,374	9	754	202,509	319,128
Other segment information:						
Additions to property, plant and equipment	—	209	—	478,492	—	478,701
Additions to right-of-use assets	—	24,100	—	—	—	24,100

\* The non-current assets information above is based on the locations of the assets and excluded deferred tax assets and rental and utility deposits.

## 6. FINANCE COSTS

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Interest expenses on:		
Interest-bearing loan notes	1,087	1,086
Interest-bearing bonds	8,328	12,222
Interest-bearing loans	55	386
Lease liabilities	644	551
	<u>10,114</u>	<u>14,245</u>

## 7. LOSS BEFORE TAX

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
The Group's loss before tax has been arrived at after charging (crediting) the following items:		
Directors' emoluments:		
Fees	1,710	1,790
Other emoluments	1,675	1,654
Retirement benefits scheme contributions	34	18
Staff costs:		
Basic salaries and allowances	5,639	5,990
Retirement benefits scheme contributions	231	203
Total staff costs (including directors' emoluments)	<u>9,289</u>	<u>9,655</u>
Auditor's remuneration	220	220
Depreciation of property, plant and equipment	7,160	2,353
Depreciation of right-of-use assets	5,808	3,414
Gain on early termination of lease	(48)	—
Net foreign exchange losses	—	246
Government subsidies	—	(587)
Effective interest income from rental deposits	<u>(122)</u>	<u>(44)</u>

## 8. TAXATION

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for both periods. There are also no tax liabilities in other jurisdictions for both periods.

	Six months ended 30 June	
	2021 <i>HK\$'000</i> (unaudited)	2020 <i>HK\$'000</i> (unaudited)
Deferred taxation		
Credit for the period	<u>78,885</u>	<u>—</u>

## 9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

## 10. 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 approximately HK\$1,073,367,000 (31 December 2020: approximately HK\$1,109,210,000) by the number of shares in issue as at 30 June 2021, being 1,333,796,000 (31 December 2020: 1,327,874,000).

### Loss per share

The calculation of the basic and diluted loss per share is based on:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<i>Loss:</i>		
Loss attributable to owners of the Company	<u>(48,519)</u>	<u>(71,250)</u>
	'000	'000
<i>Shares:</i>		
Weighted average number of ordinary shares for the purpose of basic loss per share calculation	1,330,786	1,275,011
Effect of dilutive potential ordinary shares:		
Share options	<u>25,774</u>	<u>32,480</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share calculation	<u>1,356,560*</u>	<u>1,307,491*</u>

\* No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2021 and 2020 because the diluted loss per share amount is decreased when taking the outstanding share options into account, so the outstanding share options had an anti-dilutive effect on the basic loss per share amount. Accordingly, the diluted loss per share is same as the basic loss per share.

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
Rental and utility deposits and prepayments	6,200	6,136
Due from brokers ( <i>note</i> )	461	3,156
Other prepayments	177	1,399
Other deposits and receivables	671	867
	<hr/>	<hr/>
	7,509	11,558
Portion classified as non-current assets	(4,473)	(4,415)
	<hr/>	<hr/>
	<b>3,036</b>	<b>7,143</b>
	<hr/> <hr/>	<hr/> <hr/>

*Note:* The balances represent the cash account balances with securities brokers that are used for trading of securities. The management of the Company monitors the credit risk on these brokers on a regular basis.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivable for which there was no recent history of default.

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

	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
Equity securities listed in Hong Kong ( <i>note</i> )	458,897	611,024
Equity securities listed in the PRC ( <i>note</i> )	93,939	71,118
	<hr/>	<hr/>
	<b>552,836</b>	<b>682,142</b>
	<hr/> <hr/>	<hr/> <hr/>

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

*Note:* Particulars of investments in listed equity securities held by the Group as at 30 June 2021 and 31 December 2020 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of investee companies	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost HK\$'000	Market value HK\$'000	Accumulated unrealised gain (loss) recognised HK\$'000	Dividend received/receivable during the period HK\$'000	% of gross assets of the Group	% of net assets of the Group
At 30 June 2021 (unaudited)									
Listed equity securities in Hong Kong									
Hua Yin International Holdings Limited (formerly known as Ground International Development Limited) (note a)	Bermuda	1,050,000,000	15.52%	79,800	441,000	361,200	—	34.56%	41.09%
New Concepts Holdings Limited (note b)	Cayman Islands	27,116,000	3.54%	7,999	17,897	9,898	—	1.40%	1.67%
				<u>87,799</u>	<u>458,897</u>	<u>371,098</u>			
Listed equity securities in the PRC									
Tianma Bearing Group Co., Ltd. (note c)	PRC	28,000,022	2.33%	75,708	93,939	18,231	—	7.36%	8.75%
				<u>163,507</u>	<u>552,836</u>	<u>389,329</u>			
At 31 December 2020 (audited)									
Listed equity securities in Hong Kong									
Geely Automobile Holdings Limited	Cayman Islands	400,000	Less than 0.01%	9,793	10,600	807	—	0.74%	0.96%
Hong Kong Exchanges and Clearing Limited	Hong Kong	24,800	Less than 0.01%	9,973	10,540	567	—	0.74%	0.95%
Smartac International Holdings Limited (formerly known as Smartac Group China Holdings Limited)	Cayman Islands	266,000,000	4.72%	52,188	11,438	(40,750)	—	0.80%	1.03%
Hua Yin International Holdings Limited (formerly known as Ground International Development Limited)	Bermuda	1,050,000,000	17.29%	79,800	525,000	445,200	—	36.76%	47.33%
Sunny Optical Technology (Group) Company Limited	Cayman Islands	64,500	Less than 0.01%	9,929	10,946	1,017	57	0.77%	0.99%
Farnova Group Holdings Limited	Bermuda	340,002,053	4.76%	17,000	42,500	25,500	—	2.98%	3.83%
				<u>178,683</u>	<u>611,024</u>	<u>432,341</u>			
Listed equity securities in the PRC									
Tianma Bearing Group Co., Ltd	PRC	28,000,022	2.33%	74,725	71,118	(3,607)	—	4.98%	6.41%
				<u>253,408</u>	<u>682,142</u>	<u>428,734</u>			

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

A brief description of the business and financial information of the listed investee companies extracted from their latest published annual reports is as follows:

### *Notes:*

- (a) Hua Yin International Holdings Limited (formerly known as Ground International Development Limited) (“Hua Yin”) was incorporated in Bermuda and its shares are listed on the Main Board of the Stock Exchange of Hong Kong Limited (Stock code: 989). Hua Yin is principally engaged in property development and management, including planning, designing, budgeting, licensing, contract tendering and contract administration and property investment.

For the year ended 31 March 2021, the audited consolidated loss attributable to owners of Hua Yin was approximately RMB515,199,000 and the basic loss per share was RMB8.94 cents. As at 31 March 2021, its audited consolidated net liabilities value attributable to owners of Hua Yin was approximately RMB13,707,000. No dividend was received during the period.

- (b) New Concepts Holdings Limited (“New Concepts”) was incorporated in the Cayman Islands and its shares are listed on the Main Board of Hong Kong Stock Exchange (Stock code: 2221). New Concepts is principally engaged in construction works and environmental protection.

For the year ended 31 March 2021, the audited consolidated loss attributable to owners of New Concepts was approximately HK\$54,998,000 and the basic loss per share was HK\$8.47 cents. As at 31 March 2021, its audited consolidated net assets value attributable to owners of New Concepts was approximately HK\$100,477,000. No dividend was received during the period.

- (c) Tianma Bearing Group Co., Ltd. (“Tianma Bearing”) was incorporated in the PRC and its shares are listed on Shenzhen Stock Exchange (Stock code: 002122). Tianma Bearing was principally engaged in: (i) bearing and machine tool business with main products including bearings, round bars, machine tools, and agricultural and pastoral products; (ii) venture capital; (iii) provision of security review service on internet content; (iv) book publishing.

For the year ended 31 December 2020, the audited consolidated profit attributable to owners of Tianma Bearing was approximately RMB160 million and the basic earnings per share was RMB13.47 cents. At 31 December 2020, its audited consolidated net assets value attributable to equity holders of Tianma Bearing was approximately RMB1,601 million. No dividend was received during the period.

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

### 13. BORROWINGS

	<b>30 June 2021 HK\$'000 (unaudited)</b>	31 December 2020 HK\$'000 (audited)
Interest-bearing loan notes, unsecured	42,397	42,372
Interest-bearing bonds, unsecured	135,017	161,484
Interest-bearing loans, unsecured	—	16,500
	<u>177,414</u>	<u>220,356</u>
Less: Amount classified as current liabilities	<u>(54,559)</u>	<u>(82,605)</u>
Amount classified as non-current liabilities	<u><u>122,855</u></u>	<u><u>137,751</u></u>

### 14. SHARE CAPITAL

	<b>Number of ordinary shares of HK\$0.05 each '000</b>	<b>Nominal value HK\$'000</b>
Authorised:		
At 1 January 2020, 31 December 2020 and 30 June 2021	<u><u>4,000,000</u></u>	<u><u>200,000</u></u>
Issued and fully paid:		
At 1 January 2020	1,236,722	61,836
Issue of shares by placing ( <i>Note a</i> )	90,368	4,519
Exercise of share options ( <i>Note b</i> )	<u>784</u>	<u>39</u>
At 31 December 2020 and 1 January 2021	1,327,874	66,394
Exercise of share options ( <i>Note c</i> )	<u>5,922</u>	<u>296</u>
At 30 June 2021	<u><u>1,333,796</u></u>	<u><u>66,690</u></u>

*Notes:*

- (a) On 17 March 2020, 66,368,000 ordinary shares were issued by the Company pursuant to a placing agreement dated 9 March 2020 (amended on 10 March 2020) at a placing price of HK\$2.75 per share, giving gross proceeds of HK\$182,512,000.

On 6 October 2020, 24,000,000 ordinary shares were issued by the Company pursuant to a placing agreement dated 25 September 2020 at a placing price of HK\$2.31 per share, giving gross proceeds of HK\$55,440,000.

#### 14. SHARE CAPITAL (CONTINUED)

Notes: (Continued)

- (b) On 1 December 2020, 480,000 share options were exercised at the subscription price of HK\$0.808 per share, and a total of 480,000 ordinary shares were issued, giving gross proceeds of approximately HK\$388,000.

On 2 December 2020, 304,000 share options were exercised at the subscription price of HK\$0.808 per share, and a total of 304,000 ordinary shares were issued, giving gross proceeds of approximately HK\$245,000.

- (c) During the six months ended 30 June 2021, 5,922,000 share options were exercised at the subscription price of HK\$0.808 per share, and a total of 5,922,000 ordinary shares were issued, giving gross proceeds of approximately HK\$4,785,000.

#### 15. RELATED PARTY AND CONNECTED TRANSACTIONS

##### (a) Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Fee	1,710	1,790
Salaries, allowances and other benefits	1,675	1,654
Retirement benefits scheme contributions	34	18
	<u>3,419</u>	<u>3,462</u>

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

##### (b) Related party transactions

The Group had the following transaction with related party during the period.

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Paid to related party:		
Donation	<u>300</u>	<u>—</u>



## 15. RELATED PARTY AND CONNECTED TRANSACTIONS (CONTINUED)

### (c) Investment management fee

On 4 July 2019, the Company and Tianhe Quant Asset Management Limited (“Tianhe”), a wholly-owned subsidiary of the Company, entered into an investment management agreement pursuant to which Tianhe shall act as the investment manager of the Company for the period up to 4 July 2021. Under the investment management agreement, the investment management fee payable to the investment manager was HK\$220,000 per month together with expenses reimbursement up to a maximum amount of HK\$1,390,000, HK\$2,840,000 and HK\$1,450,000 respectively for each of the years ending 31 December 2019, 2020 and 2021. The investment manager is defined as a connected person of the Company pursuant to the Rule 21.13 of the Listing Rules. As Tianhe (the investment manager) is a wholly-owned subsidiary of the Company, the transaction with Tianhe is eliminated on consolidation and will not be considered a connected transaction under the Listing Rules.

## 16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Financial instruments measured at fair value on a recurring basis

Some of the Group’s financial assets and liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined, as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 <i>HK\$’000</i>	Level 2 <i>HK\$’000</i>	Level 3 <i>HK\$’000</i>	Total <i>HK\$’000</i>
<b>At 30 June 2021 (unaudited)</b>				
<i>Assets</i>				
<b>Financial assets at FVTPL (note)</b>				
— Listed equity securities	<u>552,836</u>	<u>—</u>	<u>—</u>	<u>552,836</u>
<b>At 31 December 2020 (audited)</b>				
<i>Financial assets at FVTPL (note)</i>				
— Listed equity securities	<u>682,142</u>	<u>—</u>	<u>—</u>	<u>682,142</u>

## **16. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)**

### **Financial instruments measured at fair value on a recurring basis (Continued)**

*Note:*

The fair value of listed equity securities classified as Level 1 is determined by the closing price quoted in active markets.

## **17. CONTINGENT LIABILITIES**

As at 30 June 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

During the period, the Group reported a loss of approximately HK\$48.5 million (six months ended 30 June 2020: HK\$71.3 million). The loss for the period decreased by HK\$22,731,000 or 31.9% as compared with corresponding period in 2020 was primarily due to (i) the net realised loss on disposals of financial assets at fair value through profit or loss (“FVTPL”) of HK\$21,928,000 (six months ended 30 June 2020: HK\$Nil); (ii) an increase of net unrealised loss on financial assets at FVTPL by HK\$40,343,000 from HK\$11,934,000 to HK\$52,277,000 and (iii) and the income tax credit of HK\$78,885,000 recognised during the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$Nil).

For the period, the Group recorded a revenue of HK\$258,000 (six months ended 30 June 2020: HK\$451,000), a decrease of HK\$193,000 as compared to the corresponding period in 2020. The Group recorded a net realised loss on disposals of financial assets at FVTPL of HK\$21,928,000 (six months ended 30 June 2020: HK\$Nil). The Group recorded a net unrealised loss on financial assets at FVTPL of HK\$52,277,000 (six months ended 30 June 2020: HK\$11,934,000).

### **SECURITIES INVESTMENTS**

The Board exercised caution while actively managing its investment portfolio in accordance with the Company’s investment objective and policy for the best interests of our shareholders.

#### **Investment in listed securities**

As at 30 June 2021, the Group held listed securities classified under financial assets at FVTPL of HK\$552,836,000 (31 December 2020: HK\$682,142,000).

### **INVESTMENT PORTFOLIO**

We divide our strategy into three categories, namely long-term holding investment, mid-term private equity and venture capital and short-term trading of securities and other financial instruments. The main sectors of our current investments as at 30 June 2021 were property development and management, construction works and environmental protection and investment in innovation and technology.

#### **Significant investments**

As at 30 June 2021, the Group’s securities investments in an entity with a value which exceeds 5% of the Group’s total assets are investments in Hua Yin International Holdings Limited and Tianma Bearing Group Co., Ltd.

Details of above investments are disclosed in note 12 to this announcement.

The Group has established risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. The management will closely monitor the Group's investment portfolio.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group had bank balances and cash of HK\$157,759,000 as at 30 June 2021 (31 December 2020: HK\$182,272,000) representing 12.4% (31 December 2020: 12.8%) of the Group's total assets. As at 30 June 2021, the Group had long-term debts which are unsecured interest-bearing loan notes and unsecured interest-bearing bonds in total amount of HK\$122,855,000 (31 December 2020: HK\$137,751,000). Apart from the long-term debts, the Group had short-term debts consisting of unsecured interest-bearing bonds of HK\$54,559,000 (31 December 2020: HK\$82,605,000 including unsecured interest-bearing loans).

As at 30 June 2021, the Group's gearing ratio, being the total debts (total borrowings) divided by total equity, was 16.5% (31 December 2020: 19.9%).

## **FOREIGN CURRENCY EXPOSURE**

Most of the business transactions of the Group are denominated in Hong Kong dollars and Renminbi ("RMB"). The Group closely monitors the fluctuation in these currencies and take actions as appropriate. As at 30 June 2021, the Group did not engage in currency hedging. During the period, the Group had financial assets of HK\$152,998,000 (31 December 2020: HK\$134,536,000) which was denominated in RMB. The Group currently does not have any foreign currency hedging policy. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

## **CAPITAL STRUCTURE**

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited. During the period, the movement in the Company's share capital is as follow:

During the six months ended 30 June 2021, 5,922,000 share options were exercised at the subscription price of HK\$0.808 per share, and a total of 5,922,000 ordinary shares were issued, giving gross proceeds of approximately HK\$4,785,000.

## **COMMITMENTS**

There were no commitment as at 30 June 2021 (31 December 2020: Nil).

## **CONTINGENT LIABILITIES**

As at 30 June 2021, the Group did not have any material contingent liabilities (31 December 2020: Nil).

## **EMPLOYEE AND REMUNERATION POLICIES**

As at 30 June 2021, the Group had 24 employees and 8 Directors. The Group's remuneration policies are in line with prevailing market practice and are determined on the basis of the performance and experience of individual employees.

## **MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

During the period, there was no material acquisition or disposal of subsidiaries by the Group.

## **INTERIM DIVIDEND**

The Board did not recommend the payment of any interim dividend for the period.

## **PROSPECT**

After one and a half years of onset of the COVID-19 coronavirus pandemic, the global economy is expected for a strong recovery, which is largely on the strength in major economies such as the United States and China. However, the Biden Administration will continue its trade war with China as well as sanctions on Chinese technology companies. US-China relations are already at their lowest level in decades, and the US' confrontational approach is likely to make things worse. The recovery of the rest of the world is constrained by resurgences of COVID-19 variants, uneven vaccination, and a partial withdrawal of government economic support measures. In addition, crude oil price has more than doubled in the last 12 months and the inflation rears its head again. Under such highly challenging investment environment, the Directors will focus more on the China market and take prudent strategies 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**

As at 30 June 2021, 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 as at 30 June 2021**

<b>Name of Director</b>	<b>Capacity</b>	<b>Notes</b>	<b>Number of shares</b>	<b>Approximate percentage of shareholding</b>
Ma Xiaoqiu ("Ms. Ma")	Beneficial owner		10,520,000	0.79%
Ms. Ma	Interest of controlled corporation	(1)	198,030,400	14.85%

**(ii) Long positions in underlying shares as at 30 June 2021**

<b>Name of Director</b>	<b>Capacity</b>	<b>Notes</b>	<b>Number of underlying shares</b>	<b>Approximate percentage of shareholding</b>
Luk Hong Man, Hammond	Beneficial owner	(2)	6,076,597	0.46%
Zhang Xi	Beneficial owner	(2)	6,076,597	0.46%
Wang Mengtao	Beneficial owner	(3)	3,000,000	0.22%
Leung Ka Fai	Beneficial owner	(3)	3,000,000	0.22%
Jing Siyuan	Beneficial owner	(3)	800,000	0.06%
Zhang Aimin	Beneficial owner	(3)	800,000	0.06%
Zhang Qiang	Beneficial owner	(3)	800,000	0.06%
Ms. Ma	Beneficial owner	(4)	1,200,000	0.09%

*Notes:*

- (1) These shares are held by HK DYF Int'l Holding Group Limited, which is held as to 100% by DingYiFeng International Holding Limited which is in turn held as to 50% by Ms. Ma. Ms. Ma is deemed to be interested in these shares by virtue of the SFO.
- (2) 776,597 share options are at an exercise price of HK\$0.729 per share of the Company with exercise period from 17 June 2015 to 16 June 2025. 5,300,000 share options are at an exercise price of HK\$0.808 per share of the Company with exercise period from 16 November 2016 to 15 November 2026.
- (3) These share options are at an exercise price of HK\$0.808 per share of the Company with exercise period from 16 November 2016 to 15 November 2026.
- (4) These share options are at an exercise price of HK\$2.25 per shares of the Company with exercise period from 30 August 2017 to 29 August 2027.

Save as disclosed above, at 30 June 2021, none of the Directors nor the chief executive 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 the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## **SUBSTANTIAL SHAREHOLDER**

As at 30 June 2021, 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 interest in shares and short positions required to be kept under Section 336 of the SFO:

<b>Name</b>	<b>Number of Shares</b>	<b>Type of interest</b>	<b>Approximate percentage of total issued share capital of the Company</b>
HK DYF Int'l Holding Group Limited	198,030,400	Beneficial owner	14.85%
DingYiFeng International Holding Limited ( <i>Note 1</i> )	198,030,400	Interest of controlled corporation	14.85%
Ms. Ma	209,750,400 ( <i>Note 2</i> )	Beneficial owner and Interest of controlled corporation	15.73%
Sui Guangyi ("Mr. Sui")	347,612,800 ( <i>Note 3</i> )	Beneficial owner and Interest of controlled corporation	26.06%

*Note 1:* DingYiFeng International Holding Limited is deemed to be interested in 198,030,400 shares through its controlled corporation, HK DYF Int'l Holding Group Limited.

*Note 2:* Of these shares, (i) 198,030,400 shares are held by HK DYF Int'l Holding Group Limited, which is held as to 100% by DingYiFeng International Holding Limited, which in turn held as to 50% by Ms. Ma. Ms. Ma is deemed to be interested in these shares by virtue of the SFO; (ii) 10,520,000 shares are held by Ms. Ma; and (iii) 1,200,000 are underlying shares which Ms. Ma is entitled to subscribe for at an exercise price of HK\$2.25 per share via options granted under the Company's share option scheme with exercise period from 30 August 2017 to 29 August 2027.

*Note 3:* Of these shares, 198,030,400 shares are held by HK DYF Int'l Holding Group Limited, which is held as to 100% by DingYiFeng International Holding Limited, which is in turn held as to 50% by Mr. Sui. Mr. Sui is deemed to be interested in these shares by virtue of the SFO.

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 Part XV of the SFO), or is directly or is 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 Listing Rules).

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

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the period.

## **CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 June 2021, 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, except for the deviation set out as below.

Code Provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board had not attended the annual general meeting of the Company held on 13 May 2021. The Chairman of the Board will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent her from doing so.



## AUDIT COMMITTEE

The Audit Committee currently comprised solely of independent non-executive Directors, namely, Ms. Jing Siyuan (Chairman), Mr. Zhang Aimin and Mr. Zhang Qiang. 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 and unaudited condensed consolidated financial statements of the Group for the period have been reviewed by the Audit Committee and approved by the Board on 20 August 2021.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on both 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 2021 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, 20 August 2021

*As at the date of this announcement, the executive Directors are Mr. Luk Hong Man, Hammond and Mr. Zhang Xi; the non-executive Directors are Ms. Ma Xiaoqiu, Mr. Leung Ka Fai and Mr. Wang Mengtao; and the independent non-executive Directors are Ms. Jing Siyuan, Mr. Zhang Aimin and Mr. Zhang Qiang.*