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中投國際

CHINA INVESTMENT FUND INTERNATIONAL HOLDINGS LIMITED

中國投資基金國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00612)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

INTERIM RESULTS

The Board (the “**Board**”) of Directors (the “**Directors**”) of China Investment Fund International Holdings 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 2018 (the “**Period**”), together with comparative figures for the corresponding period of 2017 as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2018

	<i>Notes</i>	Six months ended 30 June	
		2018	2017
		<i>HK\$</i>	<i>HK\$</i>
		(unaudited)	(unaudited)
Revenue	4	36,337,968	6,993
Net realised loss on disposal of financial assets at fair value through profit or loss		(4,624,798)	—
Net unrealised gain (loss) on financial assets at fair value through profit or loss		15,271,816	(28,359,740)
Net realised gain on settlement of futures contracts		8,622,797	—
Unrealised loss from changes in fair value of futures contracts		(23,653,500)	(390,556)
		31,954,283	(28,743,303)
Net gain on disposals of subsidiaries	16	32,000,100	—
Administrative expenses		(44,940,089)	(34,673,201)
Finance costs	6	(12,961,040)	(2,139,706)
Profit (loss) before tax	7	6,053,254	(65,556,210)
Income tax expense	8	—	—
Profit (loss) for the period attributable to owners of the Company		<u>6,053,254</u>	<u>(65,556,210)</u>
Earnings (loss) per share	10		
— Basic (HK cents)		<u>0.50</u>	<u>(5.79)</u>
— Diluted (HK cents)		<u>0.49</u>	<u>(5.79)</u>

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

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK\$	HK\$
	(unaudited)	(unaudited)
Profit (loss) for the period attributable to owners of the Company	<u>6,053,254</u>	<u>(65,556,210)</u>
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>12,334</u>	<u>(148)</u>
<i>Items that will not be reclassified to profit or loss:</i>		
Net loss arising on revaluation of available-for-sale financial assets	—	(559,500)
Reclassification of investment revaluation reserve upon disposals of subsidiaries	<u>34,949,701</u>	<u>—</u>
	<u>34,949,701</u>	<u>(559,500)</u>
Other comprehensive income (expenses) for the period, net of tax	<u>34,962,035</u>	<u>(559,648)</u>
Total comprehensive income (expenses) for the period attributable to owners of the Company	<u>41,015,289</u>	<u>(66,115,858)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

		30 June 2018	31 December 2017
	<i>Notes</i>	<i>HK\$</i> (unaudited)	<i>HK\$</i> (audited)
Non-current assets			
Property, plant and equipment		10,123,770	12,898,416
Intangible assets		10,228,403	10,228,403
Available-for-sale financial assets	<i>11</i>	1,914,645	43,175,238
Rental deposits	<i>12</i>	5,726,351	4,655,471
		<u>27,993,169</u>	<u>70,957,528</u>
Current assets			
Prepayments, deposits and other receivables	<i>12</i>	290,102,910	32,530,227
Financial assets at fair value through profit or loss	<i>13</i>	55,000,543	40,434,884
Cash and cash equivalents		96,563,721	138,446,606
		<u>441,667,174</u>	<u>211,411,717</u>
Current liabilities			
Accruals and other payables		9,877,303	6,418,654
Futures contracts	<i>14</i>	23,653,500	—
Borrowings	<i>15</i>	198,756,431	122,790,000
		<u>232,287,234</u>	<u>129,208,654</u>
Net current assets		<u>209,379,940</u>	<u>82,203,063</u>
Total assets less current liabilities		<u>237,373,109</u>	<u>153,160,591</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

		30 June	31 December
		2018	2017
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
		(unaudited)	(audited)
Non-current liability			
Borrowings	<i>15</i>	<u>150,808,972</u>	<u>107,611,743</u>
Net assets		<u>86,564,137</u>	<u>45,548,848</u>
Capital and reserves			
Share capital		60,886,100	60,886,100
Reserves		<u>25,678,037</u>	<u>(15,337,252)</u>
Total equity		<u>86,564,137</u>	<u>45,548,848</u>
Net asset value per share	<i>10</i>	<u>0.07</u>	<u>0.04</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2018

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are 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 engaged in investing in listed and unlisted investments.

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 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 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 2017.

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 2018 were approved and authorised for issue by the Directors on 15 August 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2018 are consistent with those adopted by the Group in its audited consolidated financial statements for the year ended 31 December 2017 except for the adoption of the new and revised Hong Kong Financial Reporting Standards (the “**New and Revised 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. This is the first set of the Group’s financial statements in which HKFRS 9 and HKFRS 15 have been adopted.

The Group has not applied any New and Revised HKFRSs that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such New and Revised 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.

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

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

(a) HKFRS 9 “Financial Instruments”

In the Period, the Group has adopted HKFRS 9 “Financial Instruments”, which becomes effective for accounting periods beginning on or after 1 January 2018. The Group applied the transition provisions set out in HKFRS 9 to adjust the retained profits or other reserves as at 1 January 2018, without restating comparative information retrospectively, for any adjustments to the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9. The principal effects resulting from the application of HKFRS 9 on the Group’s assets or liabilities are summarised below.

Classification and measurement of financial assets and financial liabilities

HKFRS 9 “Financial Instruments” introduces a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics, and the new requirements on accounting for financial liabilities that are designated at fair value through profit or loss.

Impairment of financial assets

HKFRS 9 replaces the “incurred loss” impairment model in HKAS 39 with a forward-looking “expected credit loss” model. The Group applies simplified approach to recognise lifetime expected losses for all debtors and other receivables, and expected losses for investments in securities. The credit losses calculated pursuant to the new requirements are not significantly different from the amount recognised under the current practices. Therefore, the Group considered no adjustment is necessary.

(b) HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 “Revenue from Contracts with Customers” establishes a single comprehensive model in accounting for revenue arising from contracts with customers which are recognised when a performance obligation is satisfied. It replaces existing revenue recognition guidance, including HKAS 18 “Revenue”, HKAS 11 “Construction Contracts” and the related Interpretations.

The Group has elected to adopt HKFRS 15 using the modified retrospective approach, with the effect of initially applying this standard recognised at the date of initial application. Accordingly, the information presented for 2017 has not been restated. The application of HKFRS 15 does not have a material impact on the timing and amounts of revenue recognition of the Group. Therefore, the Group considered no adjustment is necessary.

Summary of effects of changes in accounting policies

The following table illustrates the classification of financial assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

Analysis of financial assets items

	Original Classification Under HKAS 39	Original Carrying amount under HKAS 39 HK\$	New classification under HKFRS 9	New carrying Amount under HKFRS 9 HK\$
Financial assets				
Available-for-sale financial assets	Available-for-sale	43,175,238	Financial assets at fair value through other comprehensive income	43,175,238
Rental deposits	Loan and receivables	4,655,471	Financial assets at amortised cost	4,655,471
Financial assets included in prepayments, deposits and other receivables	Loan and receivables	32,160,433	Financial assets at amortised cost	32,160,433
Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	40,434,884	Financial assets at fair value through profit or loss	40,434,884
Cash and cash equivalents	Loan and receivables	138,446,606	Financial assets at amortised cost	138,446,606
Total financial assets		<u>258,872,632</u>		<u>258,872,632</u>

4. REVENUE

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

	Six months ended 30 June	
	2018 HK\$ (unaudited)	2017 HK\$ (unaudited)
Interest income from deposits in banks and financial institutions	9,096	6,993
Dividend income	<u>36,328,872</u>	—
	<u>36,337,968</u>	<u>6,993</u>

5. SEGMENT INFORMATION

For the six months ended 30 June 2018 and 2017 respectively, the Group's revenue were mainly dividend income and interest income from banks and financial institutions. The Directors consider that these activities constitute one business segment since these transactions are subject to common risks and returns. Given the nature of the Group's operation is investment holding, it is not considered meaningful to provide a business segment analysis of operating profits. The Group's segment revenue, assets and liabilities for the period, analysed by geographical markets, are as follows:

	Hong Kong		PRC and other jurisdictions		Consolidated	
	six months ended 30 June		six months ended 30 June		six months ended 30 June	
	2018	2017	2018	2017	2018	2017
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue:						
Interest income from deposits in banks and financial institutions	1,432	1,210	7,664	5,783	9,096	6,993
Dividend income	36,328,872	—	—	—	36,328,872	—
	<u>36,330,304</u>	<u>1,210</u>	<u>7,664</u>	<u>5,783</u>	<u>36,337,968</u>	<u>6,993</u>
	Hong Kong		PRC and other jurisdictions		Consolidated	
	30 June	31 December	30 June	31 December	30 June	31 December
	2018	2017	2018	2017	2018	2017
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
Non-current assets*	20,352,173	23,126,819	—	—	20,352,173	23,126,819
Total assets	<u>443,908,077</u>	<u>220,156,173</u>	<u>25,752,266</u>	<u>62,213,072</u>	<u>469,660,343</u>	<u>282,369,245</u>
Total liabilities	<u>383,042,994</u>	<u>236,819,236</u>	<u>53,212</u>	<u>1,161</u>	<u>383,096,206</u>	<u>236,820,397</u>
Other segment information:						
Additions to property, plant and equipment	—	15,179,642	—	—	—	15,179,642
Additions to intangible asset	—	6,616,124	—	—	—	6,616,124

* The non-current assets information above is based on the locations of the assets and excluded available-for-sale financial assets and rental deposits.

6. FINANCE COSTS

	Six months ended 30 June	
	2018 <i>HK\$</i> (unaudited)	2017 <i>HK\$</i> (unaudited)
Interest expenses on:		
Bank and broker accounts overdrafts	325	296
Interest-bearing loan notes (<i>note 15(a)</i>)	1,083,930	1,082,859
Interest-bearing bonds (<i>note 15(b)</i>)	10,774,520	1,056,551
Other loans	1,102,265	—
	<u>12,961,040</u>	<u>2,139,706</u>

7. PROFIT (LOSS) BEFORE TAX

	Six months ended 30 June	
	2018 <i>HK\$</i> (unaudited)	2017 <i>HK\$</i> (unaudited)
Profit (loss) before tax has been arrived at after charging the following items:		
Directors' emoluments:		
Fees	2,259,093	1,710,000
Other emoluments	1,275,347	1,267,873
Discretionary bonuses	—	485,000
Retirement benefits scheme contributions	18,000	31,904
Other staff costs:		
Basic salaries and allowances	4,576,890	3,066,623
Discretionary bonuses	—	277,000
Retirement benefits scheme contributions	164,655	123,309
Total staff costs (including Directors' emoluments)	<u>8,293,985</u>	<u>6,961,709</u>
Auditor's remuneration	210,000	190,000
Depreciation of property, plant and equipment	2,774,646	1,646,462
Written off of property, plant and equipment	—	733,801
Net foreign exchange losses	454,278	65,664
Operating lease charges in respect of office premises	<u>4,435,879</u>	<u>6,639,830</u>

8. INCOME TAX EXPENSE

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.

	Six months ended 30 June	
	2018 <i>HK\$</i> (unaudited)	2017 <i>HK\$</i> (unaudited)
Hong Kong Profits Tax:		
— current period	—	—

9. INTERIM DIVIDEND

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

10. NET ASSET VALUE PER SHARE AND EARNINGS (LOSS) PER SHARE

Net asset value per share

The net asset value per share is calculated by dividing the net assets included in the condensed consolidated statement of financial position of HK\$86,564,137 (31 December 2017: HK\$45,548,848) by the number of shares in issue as at 30 June 2018, being 1,217,722,000 (31 December 2017: 1,217,722,000).

Earnings (loss) per share

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

	Six months ended 30 June	
	2018 <i>HK\$</i> (unaudited)	2017 <i>HK\$</i> (unaudited)
<i>Earnings (loss):</i>		
Profit (loss) attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	<u>6,053,254</u>	<u>(65,556,210)*</u>
	30 June 2018 Shares	30 June 2017 Shares
<i>Number of shares:</i>		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	1,217,722,000	1,132,463,112
Effect of dilutive potential ordinary shares:		
Share options	<u>29,001,650</u>	—
Weighted average number of ordinary shares for the purposes of diluted earnings (loss) per share	<u>1,246,723,650</u>	<u>1,132,463,112*</u>

* No adjustment had been made to the basic loss per share amount for the six months ended 30 June 2017 in respect of a dilution because the share options outstanding had an anti-dilutive effect on the basic loss per share amount. Accordingly, diluted loss per share is the same as basic loss per share.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2018 HK\$ (unaudited)	31 December 2017 HK\$ (audited)
Unlisted equity securities		
Cost	1,914,645	78,124,939
Accumulated fair value adjustments	<u>—</u>	<u>(34,949,701)</u>
	<u>1,914,645</u>	<u>43,175,238</u>

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2018 HK\$ (unaudited)	31 December 2017 HK\$ (audited)
Other prepayments	94,673	369,794
Rental and utility deposits	5,834,536	4,800,351
Deposits for registration of new cross boundary vehicle licence	824,092	824,092
Due from brokers' accounts	288,482,464	30,616,375
Other deposits and receivables	593,496	575,086
	295,829,261	37,185,698
Portion classified as non-current assets (<i>note a</i>)	<u>(5,726,351)</u>	<u>(4,655,471)</u>
	<u>290,102,910</u>	<u>32,530,227</u>

Notes:

- (a) The balance represents rental deposits placed by the Group in connection with its leased premises. The relevant leases will expire after one year from the end of the respective reporting period. Therefore, the balance is classified as non-current.

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.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2018 HK\$ (unaudited)	31 December 2017 HK\$ (audited)
Financial assets at held for trading		
— Listed equity securities in Hong Kong (<i>note 1</i>)	36,432,000	14,724,600
— Listed equity securities in the PRC (<i>note 1</i>)	16,106,543	19,584,692
	52,538,543	34,309,292
Financial assets designated at FVTPL		
— Unlisted option contracts in the PRC (<i>note 2</i>)	2,462,000	6,125,592
	55,000,543	40,434,884

Note 1: The fair value of these listed securities are based on their closing prices quoted in active markets.

Note 2: The fair value of unlisted option contracts are measured using valuation technique in which the significant inputs are based on observable market data.

14. FUTURES CONTRACTS

	30 June 2018 HK\$ (unaudited)	31 December 2017 HK\$ (audited)
Futures contracts not under hedge accounting:		
Fair value of gold futures contracts — liabilities	23,653,500	—

During the six months ended 30 June 2018, the Group entered into gold futures contracts maturing in December 2018 to sell gold at the price ranging from US\$1,356.40 to US\$1,373.00 per ounce. As at 30 June 2018, the outstanding gold futures contracts held by the Group had an aggregate notional amount of US\$41,021,500 (equivalent to approximately HK\$319,968,000) (31 December 2017: Nil). All of the contracts were entered into during the current period and will mature within one year from the end of the reporting period.

The fair value of gold future contracts was determined by the quoted closing prices in the Commodity Exchange (“COMEX”).

15. BORROWINGS

		30 June	31 December
		2018	2017
	<i>Notes</i>	HK\$	HK\$
		(unaudited)	(audited)
Interest-bearing loan notes, unsecured	<i>(a)</i>	42,255,824	42,234,394
Interest-bearing bonds, unsecured	<i>(b)</i>	290,309,579	178,167,349
Other loans, unsecured	<i>(c)</i>	17,000,000	10,000,000
		349,565,403	230,401,743
Less: Amount classified as current liabilities		(198,756,431)	(122,790,000)
Amount classified as non-current liability		150,808,972	107,611,743
Borrowings classified under current liabilities, analysed by:			
Interest-bearing bonds, unsecured		181,756,431	112,790,000
Other loans, unsecured		17,000,000	10,000,000
		198,756,431	122,790,000

(a) Interest-bearing loan notes

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

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

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

The Redemption Right is regarded as embedded derivative in the host contract. The Redemption Right is not recognised in the condensed consolidated financial statements since the Directors consider that the probability of the Company exercising its Redemption Right is remote. The Directors have assessed the fair values of the Redemption Right at initial recognition and at the end of the reporting period and in view that the Company has no intention to exercise its Redemption Right before maturity dates, the Directors consider that the fair values of the Redemption Right were insignificant. Accordingly, the fair value of the Redemption Right was not accounted for in the condensed consolidated financial statements as at 30 June 2018.

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

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

	<i>HK\$</i>
At 1 January 2017	42,193,144
Effective interest expenses	2,166,246
Interest paid/payable	<u>(2,124,996)</u>
At 31 December 2017 and 1 January 2018	42,234,394
Effective interest expenses (<i>note 6</i>)	1,083,930
Interest paid/payable	<u>(1,062,500)</u>
At 30 June 2018	<u><u>42,255,824</u></u>

(b) Interest-bearing bonds

During the six months ended 30 June 2018, the Company has issued and repaid unsecured interest-bearing bonds with aggregate principal amounts of HK\$260,590,284 and HK\$147,890,000 (31 December 2017: HK\$230,090,000 and HK\$54,000,000) respectively, which bear interests ranging from 0.37% p.a. to 18% p.a. (31 December 2017: 0.36% p.a. to 18% p.a.) and with maturity dates ranging from three months to eight years (31 December 2017: three months to eight years).

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

	<i>HK\$</i>
At 1 January 2017	3,000,000
Issued during the year, at fair value	229,095,500
Repaid during the year	(54,000,000)
Effective interest expenses	6,265,341
Interest paid/payable	<u>(6,193,492)</u>
At 31 December 2017 and 1 January 2018	178,167,349
Issued during the period, at fair value	259,823,000
Repaid during the period	(147,890,000)
Effective interest expenses (<i>note 6</i>)	10,774,520
Interest paid/payable	<u>(10,565,290)</u>
At 30 June 2018	<u><u>290,309,579</u></u>

(c) Other loans

During the six months ended 30 June 2018, the Company has issued and repaid unsecured other loans with principal amount in aggregate of HK\$28,000,000 and HK\$21,000,000 (31 December 2017: HK\$27,500,000 and HK\$17,500,000) respectively, which bear interest at 1% per month (31 December 2017: 1% per month) and with maturity dates within three months (31 December 2017: three months) from the reporting date.

16. NET GAIN ON DISPOSALS OF SUBSIDIARIES

During the six months ended 30 June 2018, the Group disposed of its 100% equity interest in Grand Dragon Investment Development Limited together with its subsidiaries, Radiant Top Limited and China Investment Fund International Securities Limited to independent third parties for an aggregate consideration of HK\$109,975,100, resulting in a gain on disposals of HK\$32,000,100.

The aggregate net assets of the subsidiaries at the date of disposals were as follow:

	<i>HK\$</i>
Available-for-sale financial assets	43,025,299
Cash and cash equivalents	10,000,000
Other payable	<u>(10,000,000)</u>
Net assets disposal of:	43,025,299
Release of investment revaluation reserves	<u>34,949,701</u>
	77,975,000
Total considerations	<u>(109,975,100)</u>
Net gain on disposals	<u><u>32,000,100</u></u>

An analysis of net inflows of cash and cash equivalents in respect of the disposals of subsidiaries is as follows:

	<i>HK\$</i>
Net cash inflows arising on disposal:	
Cash consideration received	109,975,100
Cash and cash equivalents disposed of	<u>(10,000,000)</u>
	<u><u>99,975,100</u></u>

17. 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	
	2018	2017
	<i>HK\$</i>	<i>HK\$</i>
	(unaudited)	(unaudited)
Directors' fee	2,259,093	1,710,000
Other emoluments	1,275,347	1,267,873
Discretionary bonuses	—	485,000
Retirement benefits scheme contributions	18,000	31,904
	<u>3,552,440</u>	<u>3,494,777</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) Investment management fee

On 4 July 2017, the Company and Fundamental Dynamics (HK) Limited (currently named as “**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 31 December 2019. Under the investment management agreement, the investment management fee payable to 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 2017, 2018 and 2019. 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.

18. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	30 June 2018 HK\$ (unaudited)	31 December 2017 HK\$ (audited)
Within one year	10,612,572	8,137,636
In the second to fifth year inclusive	12,395,834	7,091,501
	<u>23,008,406</u>	<u>15,229,137</u>

Operating lease payments represent rental payable by the Group for its office premises. Leases are negotiated and fixed respectively for a term of three years.

19. CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any material contingent liabilities (31 December 2017: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the six months ended 30 June 2018, the Group reported a profit of approximately HK\$6.1 million (six months ended 30 June 2017: loss of approximately HK\$65.6 million). The profit was mainly attributed to the net realised gain on settlement of futures contracts, the net unrealised gain on financial assets at fair value through profit or loss, the net gain on disposals of subsidiaries and the increase in revenue.

Securities investments

For the period ended 30 June 2018, the Group recorded a revenue of approximately HK\$36,338,000 (six months ended 30 June 2017: approximately HK\$7,000), increased by approximately HK\$36,331,000 as compared to the corresponding period in 2017. The Group recorded a net realised loss on disposal of financial asset at fair value through profit or loss of approximately HK\$4,625,000 (six months ended 30 June 2017: Nil). The Group recorded a net unrealised gain on financial assets at fair value through profit or loss of approximately HK\$15,272,000 (six months ended 30 June 2017: net unrealised loss of approximately HK\$28,360,000). The Group made a net realised gain on settlement of futures contracts of approximately HK\$8,623,000 (six months ended 30 June 2017: Nil). The Group made an unrealised loss from changes in fair value of futures contracts of approximately HK\$23,654,000 (six months ended 30 June 2017: approximately HK\$391,000).

Investment in listed shares

As at 30 June 2018, listed shares included in the Group's financial assets at fair value through profit or loss amounted to approximately HK\$52,539,000 (31 December 2017: approximately HK\$34,309,000).

Investment in unlisted shares

As at 30 June 2018, the Group's investment portfolio in unlisted securities consists of China Investment Holdings Limited of approximately HK\$150,000 (31 December 2017: approximately HK\$150,000) and China Investment Fund International Securities Limited of approximately HK\$1,765,000 (31 December 2017: Nil).

Investment in unlisted option contracts

As at 30 June 2018, the Group included an unlisted option contracts in the PRC of HK\$2,462,000 (31 December 2017: approximately HK\$6,126,000).

Investment in futures contracts

As at 30 June 2018, the Group recognised unrealised fair value loss on gold futures contracts of approximately HK\$23,654,000 as a financial liability (31 December 2017: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK\$96,564,000 as at 30 June 2018 (31 December 2017: approximately HK\$138,447,000). As at 30 June 2018, the Group had the long-term debt which are unsecured interest-bearing loan notes, unsecured interest-bearing bonds and unsecured loans of approximately HK\$150,809,000 (31 December 2017: approximately HK\$107,612,000). Apart from the long-term debts, the Group had the short-term debts consisting of unsecured interest-bearing bonds and unsecured loans of approximately HK\$198,756,000 (31 December 2017: HK\$122,790,000). Cash and cash equivalents of approximately HK\$96,564,000 (31 December 2017: approximately HK\$138,447,000) represented approximately 20.6% (31 December 2017: approximately 49.0%) of the Group's total assets.

As at 30 June 2018, the Group's gearing ratio was approximately 403.8% (31 December 2017: approximately 505.8%), which was defined as the ratio of total borrowings to total equity.

FOREIGN CURRENCY EXPOSURE

Most of the business transactions of the Group are denominated in Hong Kong dollars and Renminbi ("RMB"). The management of the Group will closely monitor the fluctuation in these currencies and take appropriate actions when needed. As at 30 June 2018, the Group did not engage in currency hedging nor did it adopt any formal hedging activities. In the period, the Group had financial assets of HK\$18,568,543 (2017: HK\$26,393,492) which was denominated in RMB. The Group currently does not have any foreign currency hedging currency policy. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL STRUCTURE

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited. During the period, there was no movements in the Company's share capital.

COMMITMENTS

Details of the commitments of the Group are set out in note 18 to this announcement.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have material contingent liabilities (31 December 2017: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2018, the Group had 18 employees and 9 Directors. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

Except for disclosed in note 16 to this announcement there was no other material acquisition or disposal of subsidiaries by the Group.

PROSPECT

The global economic environment has been deteriorating significantly since the beginning of this year. The United States withdrew from the Iran Nuclear Deal and then reimposed sanctions on Iran, which could have more serious ramifications on the crude oil market. The rising trade tensions between the US and the rest of the world will put more pressure on the struggling global economy. Under such uncertain investment environment, the Directors will 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 2018, 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 2018

Name of Director	Capacity	Notes	Number of shares	Approximate percentage of shareholding
Sui Guangyi ("Mr. Sui")	Beneficial owner		149,582,400	12.28%
Mr. Sui	Interest of controlled corporation	(1)	198,030,400	16.26%
Ma Xiaoqiu	Beneficial owner		10,520,000	0.86%

(ii) Long positions in underlying shares as at 30 June 2018

Name of Director	Capacity	Notes	Number of underlying shares	Approximate percentage of shareholding
Luk Hong Man, Hammond	Beneficial owner	(2)	6,076,597	0.49%
Zhang Xi	Beneficial owner	(2)	6,076,597	0.49%
Wang Mengtao	Beneficial owner	(3)	3,000,000	0.24%
Leung Ka Fai	Beneficial owner	(3)	3,000,000	0.24%
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%
Ma Xiaoqiu	Beneficial owner	(4)	1,200,000	0.10%

Notes:

- (1) These shares are held by HK DYF Int'l Holding Group Limited, which is held as to 74.55% by Shenzhen Ding Yi Feng Assets Management Co., Ltd. which is in turn held as to 29.39% by Mr. Sui. Mr. Sui 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 2018, none of the Directors nor chief executives of the Company had or was deemed to have any interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be maintained under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDER

As at 30 June 2018, the following person's interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company or recorded in the register of substantial shareholders' interest in shares and short positions required to be kept under Section 336 of Part XV of the SFO:

Name	Number of Shares	Type of interest	Approximately percentage of total issued share capital of the Company
HK DYF Int'l Holding Group Limited	198,030,400	Beneficial owner	16.26%
Shenzhen Ding Yi Feng Assets Management Co., Ltd. (Note 1)	198,030,400	Interest of controlled corporation	16.26%
Mr. Sui (Note 2)	347,612,800	Beneficial owner and Interest of controlled corporation	28.54%

Note 1: Shenzhen Ding Yi Feng Assets Management Co., Ltd. is deemed to be interested in 198,030,400 shares through her controlling interest (74.55%) in HK DYF Int'l Holding Group Limited.

Note 2: 198,030,400 of these shares are held by HK DYF Int'l Holding Group Limited, which is held as to 74.55% by Shenzhen Ding Yi Feng Assets Management Co., Ltd., which is in turn held as to 29.39% 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 the 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")).

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

During the six months ended 30 June 2018, 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 for Securities Transactions by Directors by Listed Issuers (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 six months ended 30 June 2018.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2018, 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.

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 of the Group for the six months ended 30 June 2018 have been reviewed by the Audit Committee.

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 and the website of the Company at www.cifund.com.hk. The Company’s interim report for the six months ended 30 June 2018 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 International Holdings Limited
Luk Hong Man, Hammond
Executive Director

Hong Kong, 15 August 2018

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 Mr. Sui Guangyi, Mr. Leung Ka Fai, Mr. Wang Mengtao and Ms. Ma Xiaoqiu; and the independent non-executive Directors are Ms. Jing Siyuan, Mr. Zhang Aimin and Mr. Zhang Qiang.