

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



—CIFIL—
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: 612)

**CONTINUING CONNECTED TRANSACTION -
ENGAGEMENT OF INVESTMENT MANAGER**

**CONTINUING CONNECTED TRANSACTION - ENGAGEMENT OF INVESTMENT
MANAGER**

The Board announces that the Company entered into the Investment Management Agreement with Fundamental Dynamics on 4 July 2017, pursuant to which Fundamental Dynamics has agreed to act as the investment manager of the Company and to provide investment management services to the Company for a period of two years commencing from 5 July 2017 and expiring on 4 July 2019.

Fundamental Dynamics is deemed as a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules upon the commencement of the Investment Management Agreement on 5 July 2017. As the total amount of management fee and related expenses payable by the Company under the Investment Management Agreement at maximum is expected to be HK\$2,840,000 per annum, which is less than HK\$3,000,000 and 5% in respect of each of the percentage ratios (other than the profits ratio) prescribed under Rule 14.07 of the Listing Rules, the transaction contemplated under the Investment Management Agreement falls within Rule 14A.76(1) of the Listing Rules and is exempt from the announcement, circular and independent shareholders' approval requirements.

* for identification only

THE INVESTMENT MANAGEMENT AGREEMENT

The principal terms of the Investment Management Agreement include the followings:

- Date: 4 July 2017
- Parties: (1) the Company; and
(2) Fundamental Dynamics
- Management Period and termination: From 5 July 2017 until 4 July 2019, whilst the Company and Fundamental Dynamics shall each be entitled to terminate the Investment Management Agreement by giving not less than three months' notice in writing to the other party.
- Scope of services: Fundamental Dynamics shall provide investment management services to the Company including, inter alia:
- (a) identifying, reviewing and evaluating investment and divestment opportunities for the Company and assisting to negotiate the best possible terms of such investment and divestment for the Company;
 - (b) assisting the Board to evaluate and consider potential investments and to render investment advice to the Board based on the reasonable available information;
 - (c) providing the Board with such information as may be reasonably be available to Fundamental Dynamics on opportunities to acquire or to divest investments of which Fundamental Dynamics becomes aware and which in the opinion of Fundamental Dynamics are or may be suitable for the Company;
 - (d) assisting the Board to monitor and keep under review the performance and status of the assets of the Company from time to time; and
 - (e) acting in accordance with the reasonable instructions given and authorities delegated to Fundamental Dynamics from time to time by the Board.

Notwithstanding the foregoing, from time to time the Board may give Fundamental Dynamics directions relating to the conduct of the business of the Company to be carried out by it on behalf of the Company and Fundamental Dynamics shall exercise its powers and duties thereunder subject to and in accordance with such directions.

The Board shall retain overall control over the investment policies of the Company and shall have discretion over the assets including acquisition and disposal of assets. The Board shall have the full power on all custodian and investment and divestment decisions and all execution of documents thereof shall be made at the instruction of the Board.

Management fee, related expenses and annual cap amounts:

The management fee payable by the Company under the Investment Management Agreement is HK\$220,000 per month. Pursuant to the Investment Management Agreement, the Company shall also reimburse Fundamental Dynamics for all its expenses incurred in relation to the performance of its duties up to a maximum amount of HK\$200,000 per annum. The total amount of management fee and related expenses to be paid by the Company for each of the financial year ending 31 December 2017 (for the period from 5 July 2017 to 31 December 2017), 2018 (for the period from 1 January 2018 to 31 December 2018) and 2019 (for the period from 1 January 2019 to 4 July 2019) at maximum are expect to be HK\$1,390,000, HK\$2,840,000 and HK\$1,450,000 respectively (the “**Annual Cap Amounts**”).

The management fee and related expenses under the Investment Management Agreement were reached after arm’s length negotiations between the Company and Fundamental Dynamics and were determined with reference to market conditions and the responsibility and duty of Fundamental Dynamics under the Investment Management Agreement. In this regard, the Board considers that the terms of the Investment Management Agreement (including the management fee and related expenses payable thereunder and the Annual Cap Amounts) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Potential conflict of interests

The Investment Management Agreement contains provisions addressing potential conflict of interest concerns including an undertaking by Fundamental Dynamics to the Company that Fundamental Dynamics:

- (a) will ensure sufficient and suitably qualified staff to serve the Company and sufficient and suitably qualified compliance personnel to perform daily review of order allocation to ensure that all orders are allocated fairly under its internal control measures;
- (b) disclose to the Company any potential investment opportunities and ensure that the Company is given the opportunity to decide whether to participate in those investments before entering into those investments on behalf of its other clients (if any) or on its own account; if the Company and the Investment Manager's other clients (if any) are interested to participate in the same investment and the available investment is insufficient to satisfy these demands, the Investment Manager should allocate the investment on a pro-rata basis depending on the respective subscription requests; and
- (c) when deciding the subscription size of any investment for the Company and its other clients (if any), the Investment Manager must consider factors such as current weighting of assets, risk parameters, market outlook, constraints of investment exposure and the financial resources available to the investment and the other clients.

REASONS FOR ENTERING INTO THE INVESTMENT MANAGEMENT AGREEMENT

The Directors believe that, given its expertise, Fundamental Dynamics is capable to provide professional investment services to the Company and, more importantly, will contribute towards the Company's development and asset growth. The Directors (including the independent non-executive Directors) are of the view that the Investment Management Agreement has been entered into on normal commercial terms and in the ordinary and usual course of business of the Company and is in the best interests of the Company and its shareholders as a whole.

The Company has no intention to change its existing investment objectives and policies after entering into the Investment Management Agreement.

INFORMATION ON FUNDAMENTAL DYNAMICS

Fundamental Dynamics is a company incorporated in Hong Kong with limited liability and is licensed to carry out Type 9 (asset management) regulated activity under the SFO. Apart from the Company, none of Fundamental Dynamics or its directors currently manages investments on behalf of other clients. Fundamental Dynamics is a wholly-owned subsidiary of the Company. Fundamental Dynamics has two directors whose details are below:

Alan Kenneth Mercer (“Mr. Mercer”)

Mr. Mercer is a director of Fundamental Dynamics. He is a responsible officer of Fundamental Dynamics in relation to its Type 9 (asset management) regulated activity under the SFO.

Prior to co-founding Fundamental Dynamics with Mr. Felix Otto D’Souza in July 2013, Mr. Mercer held senior management positions in various financial institutions including the Peregrine Group and BNP Paribas Peregrine Securities. Mr. Mercer also established and operated the Hong Kong office of Harmony Capital from 2006 to 2010.

Mr. Mercer has over 12 years experience in professional management of investments on behalf of third party investors and/or providing investment advisory services to professional/institutional investors. Since 2004, Mr. Mercer has acted as responsible officer for Type 9 (asset management) regulated activity under the SFO. Mr. Mercer obtained a degree in law from the University of Leeds in 1979, and was admitted as a solicitor in England and Wales in 1982 and in Hong Kong in 1984.

Felix Otto D’souza (“Mr. D’souza”)

Mr. D’Souza is a director of Fundamental Dynamics. He is a responsible officer of Fundamental Dynamics in relation to its Type 9 (asset management) regulated activity under the SFO. Mr. D’Souza also has oversight on the compliance function of Fundamental Dynamics.

Prior to co-founding Fundamental Dynamics with Mr. Mercer in July 2013, Mr. D’Souza held senior positions with various financial institutions including Peregrine Securities at its South Korea office, Societe Generale Hong Kong, and Macquarie Bank at its the New York, London and Hong Kong offices.

Mr. D'Souza has over 10 years experience in professional management of investments on behalf of third party investors and/or providing investment advisory services to professional/institutional investors, four years of which Mr. D'Souza acted as responsible officer for Type 9 (asset management) regulated activity under the SFO. Mr. D'Souza obtained a degree in biochemistry & chemistry from Lancashire University in 1987.

LISTING RULES IMPLICATION

Fundamental Dynamics is deemed as a connected person of the Company pursuant to Rule 14A.08 of the Listing Rules upon the commencement of the Investment Management Agreement on 5 July 2017. As the total amount of management fee and related expenses payable by the Company under the Investment Management Agreement at maximum is expected to be HK\$2,840,000 per annum, which is less than HK\$3,000,000 and 5% in respect of each of the percentage ratios (other than the profits ratio) prescribed under Rule 14.07 of the Listing Rules, the transaction contemplated under the Investment Management Agreement falls with Rule 14A.76(1) of the Listing Rules and is exempt from the announcement, circular and independent shareholders' approval requirements.

INFORMATION ON THE COMPANY

The Company is an investment company listed under Chapter 21 of the Listing Rules and is principally engaged in investing in listed and unlisted securities.

DEFINITIONS

“Board”	board of Directors
“Company”	China Investment Fund International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the SEHK
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

“Fundamental Dynamics”	Fundamental Dynamics (HK) Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed to carry out and Type 9 (asset management) regulated activity under the SFO
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Investment Management Agreement”	the investment management agreement dated 4 July 2017 entered into between Fundamental Dynamics and the Company in relation to the appointment of Fundamental Dynamics as the investment manager of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the SEHK
“PRC”	People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“SEHK”	The Stock Exchange of Hong Kong Limited
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
“%”	per cent

By order of the Board

China Investment Fund International Holdings Limited
LUK HONG MAN, HAMMOND

Executive Director

Hong Kong, 4 July 2017

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.