



中國投資基金國際控股有限公司

CHINA INVESTMENT FUND INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 00612

INTERIM REPORT 2017



INTERIM RESULTS

The Board (the “Board”) of Directors (the “Directors”) of China Investment Fund International Holdings Limited (the “Company”) hereby announces the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017, together with comparative figures for the corresponding period of 2016.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Revenue	4	6,993	568,398
Net realised gain on disposals of available-for-sale financial assets		—	38,327,950
Net realised loss on disposals of financial assets at fair value through profit or loss		—	(16,120,450)
Net unrealised (loss) gain arising on revaluation of financial assets at fair value through profit or loss		(28,359,740)	9,699,920
Loss from changes in fair value of futures contracts		(390,556)	—
		(28,743,303)	32,475,818
Administrative expenses		(34,673,201)	(31,380,772)
Finance costs	6	(2,139,706)	(1,081,842)
(Loss) profit before tax	7	(65,556,210)	13,204
Income tax expense	8	—	(2,998,883)
Loss for the period attributable to owners of the Company		(65,556,210)	(2,985,679)
LOSS PER SHARE	10		
— Basic (HK cents)		(5.79)	(0.27)
— Diluted (HK cents)		(5.79)	(0.27)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Loss for the period attributable to owners of the Company	(65,556,210)	(2,985,679)
Other comprehensive (expenses) income		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(148)	20,156
Net (loss) gain arising on revaluation of available-for-sale financial assets	(559,500)	10,873,490
Reclassification of investment revaluation reserve upon disposals of available-for-sale financial assets	—	(33,084,800)
Other comprehensive expenses for the period, net of tax	(559,648)	(22,191,154)
Total comprehensive expenses for the period attributable to owners of the Company	(66,115,858)	(25,176,833)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
Non-current assets			
Property, plant and equipment	11	14,632,141	3,012,037
Other intangible assets	12	10,228,403	3,612,279
Available-for-sale financial assets	13	57,852,714	58,412,214
Rental deposit		4,655,471	4,655,471
		87,368,729	69,692,001
Current assets			
Prepayments, deposits and other receivables		24,905,866	15,358,050
Financial assets at fair value through profit or loss	14	21,439,360	46,812,600
Cash and cash equivalents		71,772,439	17,170,079
		118,117,665	79,340,729
Current liabilities			
Accruals and other payables		1,539,788	2,222,672
Futures contracts	15	390,556	—
Borrowings	16	40,900,000	3,000,000
		42,830,344	5,222,672
Net current assets		75,287,321	74,118,057
Total assets less current liabilities		162,656,050	143,810,058

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
Non-current liabilities			
Borrowings	16	54,213,505	42,193,144
Advance from a shareholder	17	38,016,988	26,318,619
		92,230,493	68,511,763
Net assets			
		70,425,557	75,298,295
Capital and reserves			
Share capital	18	60,886,100	55,351,000
Reserves		9,539,457	19,947,295
Total equity			
		70,425,557	75,298,295
Net asset value per share			
	10	0.06	0.07

The condensed consolidated financial statements on pages 2 to 37 were approved and authorised for issue by the Board of Directors on 23 August 2017 and are signed on its behalf by:

Luk Hong Man, Hammond
Director

Zhang Xi
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	Share capital HK\$	Share premium HK\$	Exchange reserve HK\$	Share option reserve HK\$	Investment revaluation reserve HK\$	Accumulated losses HK\$	Total HK\$
At 1 January 2017 (audited)	55,351,000	326,543,395	8,514	19,132,609	(32,539,531)	(293,197,692)	75,298,295
Loss for the period	-	-	-	-	-	(65,556,210)	(65,556,210)
Other comprehensive expenses for the period:							
Exchange differences arising on translation of foreign operations	-	-	(148)	-	-	-	(148)
Net loss arising on revaluation of available-for-sale financial assets	-	-	-	-	(559,500)	-	(559,500)
Total comprehensive expenses for the period	-	-	(148)	-	(559,500)	(65,556,210)	(66,115,858)
Issue of shares under the open offer	5,535,100	56,458,020	-	-	-	-	61,993,120
Share issue expenses	-	(750,000)	-	-	-	-	(750,000)
Cancellation of share options	-	-	-	(10,737,055)	-	10,737,055	-
At 30 June 2017 (unaudited)	60,886,100	382,251,415	8,366	8,395,554	(33,099,031)	(348,016,847)	70,425,557
At 1 January 2016 (audited)	55,351,000	326,543,395	(23,919)	2,300,263	31,654,334	(171,508,070)	244,317,003
Loss for the period	-	-	-	-	-	(2,985,679)	(2,985,679)
Other comprehensive income (expenses) for the period:							
Exchange differences arising on translation of a foreign operation	-	-	20,156	-	-	-	20,156
Net gain arising on revaluation of available-for-sale financial assets	-	-	-	-	10,873,490	-	10,873,490
Reclassification of investment revaluation reserve upon disposals of available-for-sale financial assets	-	-	-	-	(33,084,800)	-	(33,084,800)
Total comprehensive income (expenses) for the period	-	-	20,156	-	(22,211,310)	(2,985,679)	(25,176,833)
Share options lapsed	-	-	-	(645,429)	-	645,429	-
At 30 June 2016 (unaudited)	55,351,000	326,543,395	(3,763)	1,654,834	9,443,024	(173,848,320)	219,140,170

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Operating activities			
(Loss) profit before tax		(65,556,210)	13,204
Adjustments for:			
Depreciation of property, plant and equipment	11	1,646,462	524,573
Interest income		(6,993)	(568,398)
Interest expenses	6	2,139,706	1,081,842
Loss on write-off of property, plant and equipment		733,801	36,384
Net realised gain on disposals of available-for-sale financial assets		—	(38,327,950)
Net realised loss on disposals of financial assets at fair value through profit or loss		—	16,120,450
Net unrealised loss (gain) arising on revaluation of financial assets at fair value through profit or loss		28,359,740	(9,699,920)
Loss from changes in fair value of futures contracts		390,556	—

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Operating cash flows before movements in working capital	(32,292,938)	(30,819,815)
Increase in prepayments, deposits and other receivables	(9,547,816)	(6,873,934)
Decrease in accruals and other payables	(682,884)	(1,106,738)
Proceed from redemption of available-for-sale financial assets	—	24,274,600
Proceeds on disposals of financial assets at fair value through profit or loss	—	11,646,470
Proceeds on disposals of available-for-sale financial assets	—	73,408,150
Purchase of financial assets at fair value through profit or loss	(2,986,500)	—
Purchase of available-for-sale financial assets	—	(79,252,130)
Net cash used in operating activities	(45,510,138)	(8,723,397)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

		Six months ended 30 June	
	Notes	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Investing activities			
Interest received		6,993	1,373,420
Purchase of property, plant and equipment	11	(14,000,367)	(1,658,829)
Purchase of other intangible assets		(6,616,124)	(1,820,508)
Net cash used in investing activities		(20,609,498)	(2,105,917)
Financing activities			
Interest paid		(2,119,345)	(1,732,649)
Proceeds from issue of shares		61,243,120	—
Proceeds from issue of interest-bearing bonds		50,900,000	—
Repayments of interest-bearing bonds		(13,000,000)	—
Increase in other loans		12,000,000	—
Advance from a shareholder		11,698,369	—
Net cash generated from (used in) financing activities		120,722,144	(1,732,649)
Net increase (decrease) in cash and cash equivalents		54,602,508	(12,561,963)
Effect of foreign exchange rate changes		(148)	20,156
Cash and cash equivalents as at 1 January		17,170,079	33,983,457
Cash and cash equivalents as at 30 June			
Represented by bank balances and cash		71,772,439	21,441,650



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2017

1. CORPORATE 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 located at 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 Appendix 16 to 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 2016.

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 2017 were approved and authorised for issue by the Directors on 23 August 2017.



2. BASIS OF PREPARATION (continued)

Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are mandatorily effective for the current period

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which become effective for the first time in the current interim period:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Amendments to HKFRS 12 included in Annual Improvements to HKFRS 2014–2016 Cycle

The application of these new and revised HKFRSs has had no material impact on the condensed consolidated financial statements.

New and amendments to HKFRSs in issue but not effective

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the Related Amendments ¹
HKFRS 16	Leases ²
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue Contracts with Customers ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle ¹



2. BASIS OF PREPARATION (continued)

- ¹ Effective for annual periods beginning on or after 1 January 2018.
- ² Effective for annual periods beginning on or after 1 January 2019.
- ³ Effective for annual periods beginning on or after a date to be determined.

The Group has already commenced an assessment of the impact of other new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial positions.

3. PRINCIPAL 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.

Except as described above, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

4. REVENUE

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

	Six months ended 30 June	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Interest income from:		
Deposits in banks and financial institutions	6,993	7,804
Available-for-sale ("AFS") financial assets	—	560,594
	6,993	568,398

5. SEGMENT INFORMATION

For the six months ended 30 June 2017 and 2016 respectively, the Group's revenue was mainly interest income from financial institutions and financial assets. 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		Consolidated	
	six months ended		six months ended		six months ended	
	30 June		30 June		30 June	
	2017	2016	2017	2016	2017	2016
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue:						
Interest income from deposits in banks and financial institutions	1,210	7,804	5,783	—	6,993	7,804
Interest income from AFS financial assets	—	—	—	560,594	—	560,594
	1,210	7,804	5,783	560,594	6,993	568,398

5. SEGMENT INFORMATION (continued)

	Hong Kong		PRC		Consolidated	
	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
Non-current assets*	24,860,544	6,624,316	—	—	24,860,544	6,624,316
Total assets	154,282,624	109,569,382	51,203,770	39,463,348	205,486,394	149,032,730
Total liabilities	123,361,961	73,734,003	11,698,876	432	135,060,837	73,734,435
Other segment information:						
Additions to property, plant and equipment	14,000,367	1,879,823	—	—	14,000,367	1,879,823
Additions to other intangible assets	6,616,124	3,612,279	—	—	6,616,124	3,612,279

* The non-current assets information above is based on the locations of the assets and excluded AFS financial assets and rental deposit.

6. FINANCE COSTS

	Six months ended 30 June	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Interest expenses on bank and broker overdrafts	296	1
Interest expenses on interest-bearing bonds	1,056,551	—
Effective interest expenses on interest- bearing loan notes (Note 16a)	1,082,859	1,081,841
	2,139,706	1,081,842

7. (LOSS) PROFIT BEFORE TAX

	Six months ended 30 June	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
(Loss) profit before tax has been arrived at after charging the following items:		
Directors' emoluments:		
Fees	1,710,000	2,454,439
Other emoluments	1,267,873	1,281,067
Discretionary bonuses	485,000	—
Retirement benefits scheme contributions	31,904	18,000
Other staff costs:		
Basic salaries and allowances	3,066,623	1,857,873
Discretionary bonuses	277,000	—
Retirement benefits scheme contributions	123,309	83,480
Total staff costs (including Directors' emoluments)	6,961,709	5,694,859
Depreciation of property, plant and equipment	1,646,462	524,573
Loss on write-off of property, plant and equipment	733,801	36,384
Net foreign exchange losses	65,664	621,891
Operating lease charges in respect of rented office premises	6,639,830	3,339,467



8. INCOME TAX EXPENSE

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for the period. For the six months ended 30 June 2016, Hong Kong Profits Tax was calculated at 16.5% of the estimated assessable profits.

	Six months ended 30 June	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Hong Kong Profits Tax: — current period	—	2,998,883

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

9. INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: 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 HK\$70,425,557 (31 December 2016: HK\$75,298,295) by the number of shares in issue as at 30 June 2017, being 1,217,722,000 (31 December 2016: 1,107,020,000).

Loss per share

The calculation of basic loss per share is based on:

	Six months ended 30 June	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Loss attributable to owners of the Company	65,556,210	2,985,679
Weighted average number of ordinary shares in issue*	1,132,463,112	1,123,625,300

* The weighted average number of ordinary shares for the six months ended 30 June 2017 and 2016 for the purpose of calculating the basic loss per share has been adjusted the effect of for the Open Offer on the basis of one offer share for every ten shares held on the record date. (Note 18)

No adjustment had been made to the basic loss per share presented for the six months ended 30 June 2017 for any dilution effect as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.



11. PROPERTY, PLANT AND EQUIPMENT

	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
Carrying amounts as at 1 January	3,012,037	2,761,880
Additions	14,000,367	1,879,823
Depreciation	(1,646,462)	(1,018,887)
Write-off	(733,801)	(36,384)
Disposal of a subsidiary	—	(574,395)
Carrying amounts at end of the period/year	14,632,141	3,012,037

12. OTHER INTANGIBLE ASSETS

	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
Carrying amounts as at 1 January	3,612,279	—
Addition (Note 24)	6,616,124	3,612,279
Carrying amounts at end of the period/year	10,228,403	3,612,279



13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
Listed equity securities, at cost (Note 1)	12,976,745	12,976,745
Fair value adjustments	(9,619,745)	(9,060,245)
	3,357,000	3,916,500
Unlisted equity securities, at cost (Note 2)	77,975,000	77,975,000
Fair value adjustments	(23,479,286)	(23,479,286)
	54,495,714	54,495,714
Total	57,852,714	58,412,214

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Particulars of investments in listed equity securities and unlisted equity securities held by the Group as at 30 June 2017 and 31 December 2016 disclosed pursuant to Chapter 21 of Listing Rules are as follows:

Note 1: Listed equity securities, at fair value

Name of investee company	Place of incorporation	Number of issued shares held	Percentage of investee's capital	Cost HK\$	Market value HK\$	Unrealised loss HK\$	Net assets attributable to the Company HK\$'000	Dividend received/ receivable during the period/year HK\$	% of gross assets of the Company
At 30 June 2017 (unaudited)									
Kingbo Strike Limited	Cayman Islands	11,190,000	1.34%	12,976,745	3,357,000	(9,619,745)	6,862	–	1.63%
At 31 December 2016 (audited)									
Kingbo Strike Limited	Cayman Islands	11,190,000	1.47%	12,976,745	3,916,500	(9,060,245)	7,657	–	2.63%

Notes:

- (a) As at 30 June 2017, the Group held listed equity securities, being 11,190,000 shares or approximately 1.34% equity interest in Kingbo Strike Limited ("Kingbo Strike"), for a consideration of HK\$12,976,745, which is principally engaged in the provision of electrical engineering services.

For the year ended 30 June 2016 the audited consolidated profit from ordinary activities attributable to owners of Kingbo Strike was approximately S\$3,982,000 (equivalent to approximately HK\$22,582,000) and the basic earnings per share was S0.61 cents (equivalent to approximately HK3.46 cents). At 30 June 2016, its audited consolidated net asset value attributable to owners of Kingbo Strike was approximately S\$90,401,000 (equivalent to approximately HK\$512,638,000). No dividend was received during the period.

The Directors conducted a review of the Group's available-for-sale financial assets during the period and determined that the fair value adjustment is based on quoted closing price of available-for-sale financial assets in an active market.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS (continued)

Note 2: Unlisted equity securities, at fair value

Name of investee companies	Place of incorporation	Percentage of investee's capital	Cost HK\$	Fair value HK\$	Unrealised loss recognised HK\$	Net assets attributable to the Company HK\$'000	Dividend received/receivable during the period/year HK\$	% of gross assets of the Company
At 30 June 2017 (unaudited)								
Galaxy Automotive MS Inc.	Republic of Vanuatu	29%	27,975,000	15,210,000	(12,765,000)	1,793	–	7.40%
Mountain Gold Holdings Inc.	Republic of Vanuatu	6.4%	50,000,000	39,285,714	(10,714,286)	39,286	–	19.12%
			77,975,000	54,495,714	(23,479,286)			
At 31 December 2016 (audited)								
Galaxy Automotive MS Inc.	Republic of Vanuatu	29%	27,975,000	15,210,000	(12,765,000)	1,793	–	10.21%
Mountain Gold Holdings Inc.	Republic of Vanuatu	6.4%	50,000,000	39,285,714	(10,714,286)	39,286	–	26.36%
			77,975,000	54,495,714	(23,479,286)			

Notes:

- (a) On 14 August 2015, the Group acquired 29% equity interest of Galaxy Automotive MS Inc. (“Galaxy AMS”) for a consideration of HK\$27,975,000. The vendor had irrevocably and unconditionally guaranteed to the Group that audited consolidated gross profit of the Galaxy AMS for the year ended 31 December 2016 shall be no less than HK\$6,500,000 (“Guaranteed Profit”).

Galaxy AMS is principally engaged in the research and development and manufacturing of high-quality auto parts as well as research and development and sales of automobile system solutions. Galaxy AMS’s current sales market includes China, Taiwan, Hong Kong and Macau.

- (b) On 19 October 2015, the Group acquired 6.4% equity interest in Mountain Gold Holdings Inc. (“Mountain Gold”) at a consideration of HK\$50,000,000. Mountain Gold indirectly holds a mining license called Jinping County Jinchangxi-Bize Gold Mine (“Mining License”) and an exploration license called Jinping County Shierpan Gold Detailed Exploration Property (“Exploration License”), both located in Guizhou Province, the PRC, which are the sole and only assets of the Mountain Gold and which are the only subjects being valued in the valuation of Mountain Gold.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
Financial assets at held for trading —Equity securities listed in Hong Kong, at market value	21,439,360	46,812,600

The fair values of listed securities are based on their quoted closing prices in an active market.

Particulars of investments of listed equity securities held by the Group as at 30 June 2017 and 31 December 2016 disclosed pursuant to Chapter 21 of Listing Rules are as follows:

Name of investee companies	Place of incorporation	Number of issued shares held	Percentage of investee's capital	Cost HK\$	Market value HK\$	Unrealised gain/(loss) HK\$	Net assets attributable to the Company HK\$'000	Dividend received/receivable during the period/year HK\$	% of gross assets of the Company
At 30 June 2017 (unaudited)									
Newtree Group Holdings Limited	Cayman Islands	5,168,000	0.22%	1,494,463	2,222,240	727,777	807	—	1.08%
Tech Pro Technology Development Limited	Cayman Islands	16,700,000	0.21%	28,337,612	1,786,900	(26,550,712)	1,710	—	0.87%
Zhidao International (Holdings) Limited	Cayman Islands	30,360,000	1.53%	38,248,211	12,447,600	(25,800,611)	6,842	—	6.06%
WLS Holdings Limited	Cayman Islands	98,980,000	0.78%	29,722,944	1,880,620	(27,842,324)	6,095	—	0.92%
China Baoli Technologies Holdings Limited	Bermuda	16,500,000	0.05%	2,986,500	3,102,000	115,500	494	—	1.51%
				100,789,730	21,439,360	(79,350,370)			
At 31 December 2016 (audited)									
Newtree Group Holdings Limited	Cayman Islands	5,168,000	0.22%	1,494,463	2,454,800	960,337	694	—	1.65%
Tech Pro Technology Development Limited	Cayman Islands	16,700,000	0.24%	28,337,612	3,072,800	(25,264,812)	1,907	—	2.06%
Zhidao International (Holdings) Limited	Cayman Islands	30,360,000	1.53%	38,248,211	18,519,600	(19,728,611)	7,031	—	12.43%
WLS Holdings Limited	Cayman Islands	98,980,000	0.78%	29,722,944	22,765,400	(6,957,544)	6,251	—	15.28%
				97,803,230	46,812,600	(50,990,630)			



14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

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

Notes:

- (a) As at 30 June 2017, the Group held listed equity securities, being 5,168,000 shares or 0.22% equity interest in Newtree Group Holdings Limited ("Newtree"), for a consideration of HK\$1,494,463, which is principally engaged in manufacturing and trading of clinical and household hygienic disposables and trading of related raw materials, trading of coal products, wholesale and retail of household consumables, sales and distribution of jewelries and watches, design and development of three-dimensional animations, augmented reality technology application and e-learning web application and provision of educational technology solutions through online education programs and provision of English language proficiency tests.

For the year ended 31 March 2017, the audited consolidated loss from ordinary activities attributable to owners of Newtree was approximately HK\$190,400,000 and the basic loss per share was HK9.88 cents. At 31 March 2017, its audited consolidated net asset value attributable to owners of Newtree was approximately HK\$371,298,000. No dividend was received during the period.

- (b) As at 30 June 2017, the Group held listed equity securities, being 16,700,000 shares or 0.21% equity interest in Tech Pro Technology Development Limited ("Tech Pro"), for a consideration of HK\$28,337,612, which is principally engaged in the manufacturing and sales of LED lighting products and LED lighting parts.

For the year ended 31 December 2016, the audited consolidated loss from ordinary activities attributable to owners of Tech Pro was approximately RMB271,747,000 (equivalent to approximately HK\$312,839,000) and the basic loss per share was RMB4.14 cents (equivalent to approximately HK4.77 cents). At 31 December 2016, its audited consolidated net asset value attributable to owners of Tech Pro was approximately RMB711,541,000 (equivalent to approximately HK\$819,136,000). No dividend was received during the period.



14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Notes: (continued)

- (c) As at 30 June 2017, the Group held listed equity securities, being 30,360,000 shares or 1.53% equity interest in Zhidao International (Holdings) Limited (“Zhidao”), for a consideration of HK\$38,248,211, which is principally engaged in trading of aluminium products, supply of aluminium products in the construction projects and the operation of money lending business.

For the year ended 31 March 2017, the audited consolidated loss from ordinary activities attributable to owners of Zhidao was approximately HK\$13,624,000 and the basic loss per share was HK0.69 cents. At 31 March 2017, its audited consolidated net asset value attributable to owners of Zhidao was approximately HK\$446,208,000. No dividend was received during the period.

- (d) As at 30 June 2017, the Group held listed equity securities, being 98,980,000 shares or 0.78% equity interest in WLS Holdings Limited (“WLS”), for a consideration of HK\$29,722,944, which is principally engaged in provision of scaffolding and fitting out services, management contracting services, and other services for construction and buildings work, money lending business and securities investment business.

For the year ended 30 April 2017, the audited consolidated loss from ordinary activities attributable to owners of WLS was approximately HK\$15,954,000 and the basic loss per share was HK0.13 cents. At 30 April 2017, its audited consolidated net asset value attributable to owners of WLS was approximately HK\$786,126,000. No dividend was received during the period.

- (e) As at 30 June 2017, the Group held listed equity securities, being 16,500,000 shares or 0.05% equity interest in China Baoli Technologies Holdings Limited (“China Baoli”), for a consideration of HK\$2,986,500, which is principally engaged in mobile technologies business, tourism and hospitality business, property business, gamma ray irradiation services, and securities trading and investment.

For the year ended 31 March 2017, the audited consolidated loss from ordinary activities attributable to owners of China Baoli was approximately HK\$378,728,000 and the basic loss per share was HK1.23 cents. At 31 March 2017, its audited consolidated net asset value attributable to owners of China Baoli was approximately HK\$1,033,840,000. No dividend was received during the period.

15. FUTURES CONTRACTS

	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
Derivatives not under hedge accounting: Fair value of gold futures contracts — liabilities	390,556	—

During the current period, the Group entered into gold futures contracts maturing in August 2017 to sell gold at the price ranging from US\$1,254.8 to US\$1,254.9 per ounce. As at 30 June 2017, the outstanding gold futures contracts held by the Group had an aggregate notional amounts of US\$5,019,400 (equivalent to approximately HK\$39,050,932) (31 December 2016: 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.

16. BORROWINGS

	Notes	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
Interest-bearing loan notes, unsecured	(a)	42,213,505	42,193,144
Interest-bearing bonds, unsecured	(b)	40,900,000	3,000,000
Other loans, unsecured	(c)	12,000,000	—
		95,113,505	45,193,144
Less: Amount classified as current liabilities		(40,900,000)	(3,000,000)
Amount classified as non-current liabilities		54,213,505	42,193,144
Borrowings classified under current liabilities, analysed by:			
Interest-bearing bonds, unsecured		28,900,000	3,000,000
Other loans, unsecured		12,000,000	—
		40,900,000	3,000,000



16. BORROWINGS (continued)

(a) Interest-bearing loan notes

The Company issued an 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 (the “Maturity Date”). The Company has the right at any time after the second year of the issue date of the Notes to the Maturity Date, which is 8 September 2023 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 noteholder has no right to require the Company to redeem the Notes before the Maturity Date.

The Notes carry interest at the fixed rate of 5% per annum payable semi-annually 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 2017.

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%.



16. BORROWINGS (continued)

(a) Interest-bearing loan notes (continued)

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

	HK\$
Fair value of the Notes on initial recognition	42,500,000
Direct transaction costs	(366,130)
	<hr/> 42,133,870 <hr/>
At 1 January 2016	43,355,361
Effective interest expenses	2,164,184
Interest paid	(3,326,401)
	<hr/>
At 31 December 2016 and 1 January 2017	42,193,144
Effective interest expenses (Note 6)	1,082,859
Interest paid	(1,062,498)
	<hr/>
At 30 June 2017	42,213,505 <hr/>

(b) Interest-bearing bonds

During the six months ended 30 June 2017, the Company issued and repaid unsecured interest-bearing bonds with principal amount in aggregate of HK\$50,900,000 and HK\$13,000,000 respectively, which bear interest ranging from 7% p.a. to 18% p.a. and with maturity date from three months to five years.

(c) Other loans

The Company had outstanding unsecured loans with principal amount in aggregate of HK\$12,000,000 from independent third parties, which bear interest at 1% per month and will mature within three months from the reporting date.

17. ADVANCE FROM A SHAREHOLDER

The advance from a shareholder of the Company is unsecured, interest-free and has no fixed term of repayment. The Company is not required to settle the outstanding balance within one year from the end of reporting date.

18. SHARE CAPITAL

	Number of ordinary share of HK\$0.05 each	Nominal value HK\$
Authorised:		
At 1 January 2016, 31 December 2016 and 30 June 2017	4,000,000,000	200,000,000
Issued and fully paid:		
At 1 January 2016, 31 December 2016 and 1 January 2017	1,107,020,000	55,351,000
Issue of shares under the Open Offer (Note)	110,702,000	5,535,100
At 30 June 2017	1,217,722,000	60,886,100

Note:

On 26 April 2017, the Company announced that it proposed to raise not less than approximately HK\$62 million and not more than approximately HK\$66 million before expenses by issuing not less than 110,702,000 offer shares and not more than 117,792,552 offer shares at the subscription price of HK\$0.56 per offer share on the basis of one offer share for every ten existing shares held on the record date (the "Open Offer"). On 26 April 2017, the Company entered into underwriting agreement with the underwriter (the "Underwriter") pursuant to which the Open Offer was fully underwritten by the Underwriter.

On 13 June 2017, upon the completion of the Open Offer, the Company issued 110,702,000 new ordinary shares of HK\$0.05 each at a subscription price of HK\$0.56 for a total consideration, before related expenses, of approximately HK\$62 million. Details and results of the Open Offer were set out in the Company's announcements dated 27 April 2017 and 9 May 2017 and prospectus dated 19 May 2017.



19. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 June 2011. The purpose of the Scheme is to enable the Company to grant options to selected participants as incentives and/or rewards for their contribution and support to the Company. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees and executives, including all the Directors of the Company and any substantial shareholders as defined in the Listing Rules to subscribe shares in the Company.

The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceed 332,106,000, representing 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the shares of the Company in issue during the twelve-month period before the date of grant, without prior approval from the Company's shareholders.

Share options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 on the acceptance. Options may be exercised in accordance with the terms of the Scheme at any time during a period to be notified by the Board of Directors to each grantee but must not be exercised after the expiry of ten years from the date of grant of the option. There is no minimum period for which an option must be held or a performance target that must be achieved before an option can be exercised specified in the terms of the Scheme. However, the Board of Directors may provide restrictions on the exercise of an option during the period an option may be exercised including, if appropriate, a minimum period for which an option must be held or a performance target which must be achieved before an option can be exercised.

The exercise price is determined by the Board of Directors, and should not be less than the higher of (i) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer of the option which must be a business day, (ii) the average of the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of offer of the option and (iii) the nominal value of the Share on the date of offer of the option.

The Scheme will remain in force for a period of 10 years commencing on 27 June 2011.

19. SHARE OPTION SCHEME (continued)

The following table disclosed details of the Company's share options under the Scheme held by directors, employees and other participants and the movements during the six months ended 30 June 2017:

Grantee	Date of grant	Exercise price (Note) HK\$	Exercisable period up to	Outstanding number of share options (Note)	Granted during the period	Exercised during the period	Expired during the period	Lapsed during the period	Cancelled during the period	Outstanding number of share options at 30 June 2017
<i>Executive Directors</i>										
Luk Hong Man,	17/6/2015	0.729	16/6/2025	776,597	-	-	-	-	-	776,597
Hammond	15/11/2016	0.808	15/11/2026	10,459,656	-	-	-	-	(5,159,656)	5,300,000
Zhang Xi	17/6/2015	0.729	16/6/2025	776,597	-	-	-	-	-	776,597
	15/11/2016	0.808	15/11/2026	10,459,656	-	-	-	-	(5,159,656)	5,300,000
<i>Non-executive Directors</i>										
Sui Guangyi	15/11/2016	0.808	15/11/2026	1,116,500	-	-	-	-	(1,116,500)	-
Leung Kai Fai	15/11/2016	0.808	15/11/2026	9,947,000	-	-	-	-	(6,947,000)	3,000,000
Wang Mengtao	15/11/2016	0.808	15/11/2026	9,947,000	-	-	-	-	(6,947,000)	3,000,000
<i>Independent Non-executive Directors</i>										
Jing Siyuan	15/11/2016	0.808	15/11/2026	1,116,500	-	-	-	-	(316,500)	800,000
Zhang Aimin	15/11/2016	0.808	15/11/2026	1,116,500	-	-	-	-	(316,500)	800,000
Zhang Qiang	15/11/2016	0.808	15/11/2026	1,116,500	-	-	-	-	(316,500)	800,000
Sub-total				46,832,506	-	-	-	-	(26,279,312)	20,553,194
Employees and other participants	17/6/2015	0.729	16/6/2025	776,596	-	-	-	-	-	776,596
	15/11/2016	0.808	15/11/2026	24,360,000	-	-	-	-	(13,910,000)	10,450,000
Total				71,969,102	-	-	-	-	(40,189,312)	31,779,790

Note: The exercise price and outstanding number of share options granted in prior years have been adjusted for the effect of the Open Offer (Note 18) which has become effective on 13 June 2017.

For the six months ended 30 June 2017, 40,189,312 share options had been cancelled and no options had been granted, exercised, expired and lapsed under the Scheme.

20. RELATED PARTY AND CONNECTED TRANSACTIONS

Compensation of key management personnel

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

	Six months ended 30 June	
	2017 HK\$ (unaudited)	2016 HK\$ (unaudited)
Directors' fee	1,710,000	2,454,439
Other emoluments	1,267,873	1,281,067
Discretionary bonuses	485,000	—
Retirement benefits scheme contributions	31,904	18,000
	3,494,777	3,753,506

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

21. COMMITMENTS

(a) The Group as lessee

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

	30 June 2017 HK\$ (unaudited)	31 December 2016 HK\$ (audited)
Within one year	8,169,672	11,604,047
In the second to fifth year inclusive	11,143,787	14,520,692
	19,313,459	26,124,739

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



21. COMMITMENTS (continued)

(b) Capital commitments

As at 30 June 2017, the Group had outstanding purchase agreement which entailed capital commitments to complete the acquisition of property, plant and equipment for HK\$119,800 (31 December 2016: HK\$7,207,795).

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(i) Fair value of the Group's financial assets and liabilities that are 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 markets 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).

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (continued)

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
At 30 June 2017 (unaudited)				
Assets				
AFS financial assets				
– Listed equity securities (note a)	3,357,000	–	–	3,357,000
– Unlisted equity securities (note b)	–	–	54,495,714	54,495,714
	3,357,000	–	54,495,714	57,852,714
Financial assets at FVTPL				
– Listed equity securities (note a)	21,439,360	–	–	21,439,360
Total	24,796,360	–	54,495,714	79,292,074
Liabilities				
Financial liabilities at FVTPL				
– Futures contracts (note c)	390,556	–	–	390,556

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (continued)

	Level 1 HK\$	Level 2 HK\$	Level 3 HK\$	Total HK\$
At 31 December 2016 (audited)				
Assets				
AFS financial assets				
— Listed equity securities (note a)	3,916,500	—	—	3,916,500
— Unlisted equity securities (note b)	—	—	54,495,714	54,495,714
	3,916,500	—	54,495,714	58,412,214
Financial assets at FVTPL				
— Listed equity securities (note a)	46,812,600	—	—	46,812,600
Total	50,729,100	—	54,495,714	105,224,814

Notes:

- (a) The listed equity securities held as AFS financial assets was valued at the quoted closing prices in an active market on which the individual securities are traded.
- (b) The fair value of the unlisted equity securities classified as Level 3 was determined by the management. The Directors of the Company consider the carrying amounts of the unlisted equity securities as at 30 June 2017 approximate their fair value. Information about significant unobservable inputs used in Level 3 fair value measurements is set out below:

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (continued)

Notes: (b) (continued)

Financial assets at level 3	30 June	31 December	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range		Relationship of unobservable input to fair value
	2017	2016				30 June	31 December	
	HK\$ (unaudited)	HK\$ (audited)				2017	2016	
AFS financial assets								
Unlisted equity securities in Galaxy Automotive MS Inc.	15,210,000	15,210,000	Level 3	Income approach	Discount rate	13.3%	13.3%	The higher the discount rate, the lower the fair value
					Discount for lack of marketability	14.3%	14.3%	The higher the discount for lack of marketability, the lower the fair value
Unlisted equity securities in Mountain Gold Holdings Inc.	39,285,714	39,285,714	Level 3	Market approach	Estimated gold resources and average discount to gold price applied to the estimates gold resources in comparable gold properties transaction	13.5%	13.5%	The higher the gold price and the higher of gold resources, the higher the fair value

- (c) The fair value of gold futures contracts classified as Level 1 was determined by the quoted closing prices in the Commodity Exchange ("COMEX").



22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

(i) Fair value of the Group's financial assets and liabilities that are measured at fair value on a recurring basis (continued)

Reconciliation for financial instruments carried at fair value based on significant unobservable inputs (Level 3) are as follow:

	AFS financial assets: unlisted equity securities HK\$
At 31 December 2016 and 1 January 2017 (audited)	54,495,714
Change in fair values	—
At 30 June 2017 (unaudited)	54,495,714

During the period ended 30 June 2017 and 31 December 2016, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

(ii) Fair value of financial instruments carried at cost or amortised cost

The carrying amounts of the Group's current financial assets including deposits and other receivables and cash and cash equivalents approximate their fair values due to their short-term maturities.

23. CONTINGENT LIABILITIES

As at 30 June 2017 and 2016, the Group had no material contingent liabilities.



24. ACQUISITION OF ASSETS THROUGH ACQUISITION OF A SUBSIDIARY

The Group acquired the entire interests in Fundamental Dynamics (HK) Limited (“Fundamental Dynamics”). The acquisition was completed on 22 June 2017.

Fundamental Dynamics is principally engaged in holding of a type 9 regulated activity license issued by the Hong Kong Securities and Futures Commission under classification as an intangible asset at entity level for own use.

In the opinion of the Directors, the acquisition is in substance an acquisition of an intangible asset, instead of acquisition of business and therefore is excluded from the scope of HKFRS 3 “Business Combination”. Therefore, the acquisition is not disclosed as a business combination in accordance with the requirements of HKFRS 3.

The assets and liabilities acquired through the transaction are as follow:

	HK\$
Intangible asset (Note 12)	6,616,124
Deposits and other receivables	120,020
Cash and bank balances	320,542
Accruals and other payables	(56,686)
	<hr/>
Total consideration satisfied by cash	7,000,000
	<hr/>
Net cash outflow arising from the acquisition	6,679,458
	<hr/>



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the six months ended 30 June 2017, the Group reported a loss of approximately HK\$65.6 million (six months ended 30 June 2016: loss of approximately HK\$3.0 million). The increase in loss was mainly attributed to the increase in net unrealised loss arising on revaluation of financial assets at fair value through profit or loss.

Securities investments

For the period ended 30 June 2017, the Group recorded a revenue of approximately HK\$7,000 (2016: approximately HK\$568,000), decreased by approximately HK\$561,000 as compared to the corresponding period in 2016. The Group recorded a net unrealised loss arising on revaluation of financial assets at fair value through profit or loss of approximately HK\$28,360,000 (2016: net unrealised gain of approximately HK\$9,700,000). The Group made a loss from changes in fair value of futures contracts of approximately HK\$391,000.

Investment in listed shares

As at 30 June 2017, listed shares included in the Group's available-for-sale financial assets, amounted to approximately HK\$3,357,000 (31 December 2016: approximately HK\$3,917,000) and the financial assets at fair value through profit or loss amounted to approximately HK\$21,439,000 (31 December 2016: approximately HK\$46,813,000).



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Investment in unlisted shares

As at 30 June 2017, the Group's investment portfolio in unlisted shares consisted of Mountain Gold Holdings Inc. ("Mountain Gold") of approximately HK\$39,286,000 (31 December 2016: approximately HK\$39,286,000) and Galaxy Automotive MS Inc. ("Galaxy AMS") of approximately HK\$15,210,000 (31 December 2016: approximately HK\$15,210,000).

In October 2015, the Group acquired 6.4% equity interest in Mountain Gold, a company principally engaged in the mining industry with an underground high-grade gold mine and exploration property located in Guizhou, the People's Republic of China, with a mining license called Jinping County Jinchangxi-Bize Gold Mine with an area of 0.8934 km² and an exploration license called Jinping County Shierpan Gold Detailed Exploration Property with an area of 3.64 km². The total resource was estimated to be 21.6 tons of gold at a grade of 10.37g/t gold in compliance with the JORC Code. Mining, processing and administration facilities plant were constructed in place. The validity period of the mining license and the exploration license is from August 2015 to October 2021 and from 29 May 2016 to 28 May 2018 respectively.

In August 2015, the Group acquired 29% equity interest in Galaxy AMS, a company principally engaged in the research and development and manufacturing of high-quality auto parts as well as research and development and sales of automobile system solutions. Galaxy AMS's current sales markets includes China, Taiwan, Hong Kong and Macau. The racing team which was sponsored by Galaxy AMS had been awarded with numerous trophies in a variety of regional events in the past few years. Recognition of its products and automobile system solutions is on the rise in the industry and the retail market.

Investment in futures contracts

As at 30 June 2017, the Group recognised fair value loss on gold futures contracts of approximately HK\$391,000 as financial liability.



MANAGEMENT DISCUSSION AND ANALYSIS (continued)

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK\$71,772,000 as at 30 June 2017 (31 December 2016: approximately HK\$17,170,000). As at 30 June 2017, the Group had the long-term debt which are unsecured interest-bearing loan notes, unsecured interest-bearing bonds and advance from a shareholder in an aggregate amount of approximately HK\$92,230,000 (31 December 2016: approximately HK\$68,512,000). 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\$40,900,000 (31 December 2016: approximately HK\$3,000,000). Cash and cash equivalents of approximately HK\$71,772,000 (31 December 2016: approximately HK\$17,170,000) represented approximately 34.9% (31 December 2016: 11.5%) of the Group's total assets as at 30 June 2017.

As at 30 June 2017, the Group's gearing ratio was approximately 189% (31 December 2016: approximately 95%), which was defined as the ratio of total borrowings to total equity.

FOREIGN CURRENCY EXPOSURE

Exchange risk of the Group is minimal as the assets of the Group are substantially denominated in Hong Kong dollars. It is the Group's policy to adopt a prudent financial management strategy to meet risk fluctuation and investment opportunities.



CAPITAL STRUCTURE

On 13 June 2017, upon the completion of the Open Offer, the Company issued 110,702,000 new ordinary shares of HK\$0.05 each at a subscription price of HK\$0.56 for a total consideration, before related expenses, of approximately HK\$62 million.

COMMITMENTS

Details of the commitments of the Group are set out in note 21 to the condensed consolidated financial statements.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group had no material contingent liabilities.

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2017, the Group had 17 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.

ESTABLISHMENT OF SUBSIDIARIES AND DISPOSAL OF SUBSIDIARIES

Total 8 subsidiaries were established or acquired and no subsidiary was disposed during the period.

PROSPECT

In the first half of this year, the economic environment for investment remain challenging. The Federal Reserve has been talking about reducing its balance sheet for a while and one more rate hike before the year is over. The geo-political conflict in the Middle East, Northeast Asia, and the India subcontinent keep on rising. 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 2017, 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 2017

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 Xiaojie	Beneficial owner		10,520,000	0.86%

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS (continued)

(ii) Long positions in underlying shares as at 30 June 2017

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%

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.

Save as disclosed above, at 30 June 2017, 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 2017, 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 2017, 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 2017.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2017, 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 2017 have been reviewed by the Audit Committee.

By Order of the Board

China Investment Fund International Holdings Limited

Luk Hong Man, Hammond

Executive Director

Hong Kong, 23 August 2017

As at the date of this report, 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.