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中 國 投 資

CHINA INVESTMENT FUND COMPANY LIMITED

中國投資基金有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 00612)

SUPPLEMENTARY ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING RELATING TO A POSSIBLE ACQUISITION

Reference is made to the announcement of the Company dated 26 October 2015 (“**Announcement**”). Terms and expressions herein shall bear the same meanings as used in the Announcement unless the context requires otherwise.

The Board wishes to provide supplementary information in respect of the Announcement as set out below.

Basis of the consideration for the Possible Acquisition

It is mentioned in the Announcement that pursuant to the Memorandum of Understanding, the consideration for the Possible Acquisition shall not be more than HK\$3,000,000 (the “**Maximum Proposed Consideration**”). In determining at the Maximum Proposed Consideration, the Company has considered that:

- (a) It is given to understand by the Seller that the Target Company and its subsidiaries (collectively, the “**Target Group**”) currently does not carry on any business. The major assets and liabilities of the Target Group comprised of the set-up costs of the two entities and administrative expenses, which is insignificant.
- (b) The Company is given to understand that the Target Group, through Yitong, will take steps to negotiate and enter into strategic alliances with business partners in the wine industry in China for the development of a wine trading platform. Certain administrative costs will be incurred in the course of such negotiation.
- (c) It is believed upon completion of due diligence, if the Company proceeds with the Possible Acquisition, the development of the Target Group at the stage of Formal SPA is unlikely to be significant. This is because the Company intends to make the investment at an early stage to capture the economic benefit from the commercial growth of the wine trading

* For identification purpose only

platform. Therefore, the benchmark from de minimis transactions pursuant to Chapter 14A of the Listing Rules is used as reference in determining the Maximum Proposed Consideration.

It is anticipated that at the time of the making of the investment, the Target Group will not have any significant assets and liabilities apart from the initial set-up costs and the business arrangements with the business partners. The final consideration to be payable under the Formal SPA will be equal to or less than the Maximum Consideration which will fairly and reasonably reflect the then value of the Target Group.

Furthermore, the terms of the Formal SPA will be subject to legal and financial due diligence to be performed by the Group and further negotiations and discussions with the Seller.

On the basis of the above, the Directors consider that the Possible Acquisition, if proceeded, will be conducted on normal commercial terms.

Further background of the Possible Acquisition

The Company would engage professionals including accounting firms, financial advisers, valuers, legal advisers and/or industry consultants to perform due diligence and industry and financial analysis to assess the prospect of the potential investment. Investment proposal would be formulated based on the reports of such external advisers and submitted to the Board for approval. The investment opportunity relating to the Possible Acquisition was identified by Mr. Yao Yuan, a non-executive Director, who has prior working experience in market operation and management in commercial services sector. He and Mr. Yao Zhixiang, a non-executive Director, are brothers of the Seller.

The Group is principally engaged in investment in listed and unlisted securities. The investment portfolio of the Group mainly consists of listed securities but few unlisted investments, which the Company has invested some time ago. The Board considers that unlisted securities are well suited for long term investment purpose and would like to diversify the investment portfolio and put more emphasis on unlisted securities in the future. To ensure consistent and positive long term investment return, the Group has conducted industry feasibility study and identified the wine industry in the PRC as a well positioned long term investment opportunity. The exclusivity provision in the Memorandum of Understanding enables the Group time to conduct further due diligence and investigations to the exclusion of other potential competitors for the investment. As a result, the Possible Acquisition enables the Group to invest in unlisted securities which is in line with the investment objectives of the Group. The Group will ensure that the Possible Acquisition and the entering into of the Formal SPA and the completion of the matters thereunder are in line with the investment policies and restrictions of the Company and other restrictions set out in the Listing Rules.

View of independent non-executive Directors

Having considered the reasons and factors as set out in this announcement above, the independent non-executive Directors are of the view that the terms of the Possible Acquisition are fair and reasonable and that the Possible Acquisition is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

By order of the Board
China Investment Fund Company Limited
Luk Hong Man, Hammond
Executive Director

Hong Kong, 4 November 2015

As at the date of this announcement, the executive Directors are Mr. Luk Hong Man, Hammond, Mr. Ye Yinggang and Mr. Zhang Xi; the non-executive directors are Mr. Yao Yuan, Mr. Sui Guangyi, Mr. Shi Minqiang and Mr. Yao Zhixiang and the independent non-executive Directors are Mr. Wong Chung Kin, Quentin, Mr. Leung Po Hon, Mr. Zhang Qi and Ms. Li Jiangtao.