

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.



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)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2014**

INTERIM RESULTS

The Board (the “Board”) of Directors (the “Directors”) of China Investment Fund Company Limited (the “Company”) is pleased to present the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2014. The condensed consolidated financial statements have been reviewed by the Company’s auditor and the audit committee of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS*For the six months ended 30 June 2014*

		Unaudited	
		six months ended 30 June	
		2014	2013
	<i>Notes</i>	<i>HK\$</i>	<i>HK\$</i>
Revenue	3	815,872	1,286,875
Net realised gain (loss) on disposal of available-for-sale financial assets		6,648,859	(21,353)
Net realised gain on disposal of financial assets designated as held for trading		441,032	1,300,020
Net unrealised gain on financial assets designated as held for trading		264	7,128
		7,906,027	2,572,670
Other income	3	26,026	17,372
Gain on disposal of subsidiaries		—	321,892
Administrative expenses		(13,135,994)	(11,142,179)
Finance costs		(64)	(57,287)
Loss before tax	5	(5,204,005)	(8,287,532)
Income tax expense	6	—	—
Loss for the period attributable to owners of the Company		<u>(5,204,005)</u>	<u>(8,287,532)</u>
Loss per share	8		
— Basic (<i>HK cents</i>)		<u>(0.68)</u>	<u>(1.08)</u>
— Diluted (<i>HK cents</i>)		<u>(0.68)</u>	<u>(1.08)</u>

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

For the six months ended 30 June 2014

	Unaudited	
	six months ended 30 June	
	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Loss for the period attributable to owners of the Company	<u>(5,204,005)</u>	<u>(8,287,532)</u>
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange gain on translation of available-for-sale financial assets	4,262	4,643
Exchange differences arising on translation of a foreign operation	—	(586)
Reclassification of exchange differences upon disposal of subsidiaries	—	(14,814)
Net loss arising on revaluation of available-for-sale financial assets	(15,820,443)	(7,651,819)
Reclassification of investment revaluation reserve upon disposal of available-for-sale financial assets	<u>(7,094,521)</u>	<u>35,113</u>
Other comprehensive expenses for the period, net of tax	<u>(22,910,702)</u>	<u>(7,627,463)</u>
Total comprehensive expenses for the period attributable to owners of the Company	<u><u>(28,114,707)</u></u>	<u><u>(15,914,995)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

		Unaudited 30 June 2014 HK\$	Audited 31 December 2013 HK\$
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	9	5,206,467	5,593,041
Available-for-sale financial assets	10	<u>101,115,109</u>	<u>162,692,895</u>
		<u>106,321,576</u>	<u>168,285,936</u>
Current assets			
Prepayments, deposits and other receivables		3,094,559	2,340,780
Financial assets designated as held for trading	11	22,387	234,696
Cash and cash equivalents	12	<u>49,992,304</u>	<u>18,422,121</u>
		<u>53,109,250</u>	<u>20,997,597</u>
Current liability			
Accruals		<u>102,000</u>	<u>1,840,000</u>
Net current assets		<u>53,007,250</u>	<u>19,157,597</u>
Total assets less current liability		<u>159,328,826</u>	<u>187,443,533</u>
Capital and reserves			
Share capital	13	38,256,000	38,256,000
Reserves		<u>121,072,826</u>	<u>149,187,533</u>
Equity attributable to owners of the Company		<u>159,328,826</u>	<u>187,443,533</u>
Net asset value per share	8	<u>0.21</u>	<u>0.24</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2014

1. 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”) as well as with 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”).

2. 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2014 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2013.

The condensed consolidated financial statements have not been audited by the Company’s auditor, but have been reviewed by the Company’s auditor and the audit committee.

Application of a new interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRIC) — Int 21	Levies

The application of the above new interpretation and amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle ¹
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁵
HKFRS 14	Regulatory Deferral Accounts ⁴
HKFRS 15	Revenue from Contracts with Customers ⁶
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁵
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ⁵
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ¹

¹ Effective for annual periods beginning on or after 1 July 2014.

² Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

³ Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

⁴ Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

⁵ Effective for annual periods beginning on or after 1 January 2016.

⁶ Effective for annual periods beginning on or after 1 January 2017.

The Directors of the Company anticipate that the application of these new and revised standards and amendments issued but not yet effective will have no material impact on the results and financial position of the Group.

3. REVENUE AND OTHER INCOME

	Unaudited	
	six months ended 30 June	
	2014	2013
	HK\$	HK\$
Revenue		
Interest income from:		
Deposits in banks and financial institutions	11,439	4,726
Available-for-sale financial assets	—	743,835
Dividend income from:		
Financial assets designated as held for trading	56,166	538,314
Available-for-sale financial assets	748,267	—
	<u>815,872</u>	<u>1,286,875</u>
Other income		
Net foreign exchange gain	1,684	5,201
Sundry income	24,342	12,171
	<u>26,026</u>	<u>17,372</u>

4. SEGMENT INFORMATION

During the six months ended 30 June 2014 and 2013, the Group's revenue was mainly derived from the interest income and dividend income from its investments. 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 both periods, analysed by geographical markets, are as follows:

	Hong Kong Unaudited six months ended 30 June		Others Unaudited six months ended 30 June		Consolidated Unaudited six months ended 30 June	
	2014	2013	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment revenue:						
Interest income from deposits in banks and financial institutions	11,439	4,726	—	—	11,439	4,726
Interest income from available-for-sale financial assets*	—	—	—	743,835	—	743,835
Dividend income from financial assets designated as held for trading	56,166	538,314	—	—	56,166	538,314
Dividend income from available-for-sale financial assets	—	—	748,267	—	748,267	—
	67,605	543,040	748,267	743,835	815,872	1,286,875
	Hong Kong		Others		Consolidated	
	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	30 June	31 December	30 June	31 December	30 June	31 December
	2014	2013	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Total assets	155,439,811	186,200,946	3,991,015	3,082,587	159,430,826	189,283,533
Total liabilities (unallocated)					102,000	1,840,000
Other segment information:						
Additions to property, plant and equipment	437,000	652,993	—	—	437,000	652,993

* During the six months ended 30 June 2013, interest income from available-for-sale financial assets is derived from convertible notes issued by companies incorporated outside Hong Kong.

5. LOSS BEFORE TAX

Unaudited
six months ended 30 June
2014 2013
HK\$ **HK\$**

The Group's loss before tax has been arrived at after charging (crediting):

Directors' remuneration:

Fees	150,012	150,012
Other emoluments	816,318	756,580
Mandatory provident fund contributions	15,500	14,000

Staff costs:

Salaries	2,844,467	2,845,205
Mandatory provident fund contributions	64,249	62,786

Total staff costs (including Directors' remuneration)

3,890,546 **3,828,583**

Consultancy fee	150,000	—
Depreciation on property, plant and equipment	814,916	750,630
Investment management fee	488,333	400,000
Loss on disposal of property, plant and equipment	6,658	—
Net foreign exchange gain	(1,684)	(5,201)
Operating lease charges in respect of office premises	2,289,500	1,566,352
Write off of property, plant and equipment	—	4,791

6. INCOME TAX EXPENSE

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for the six months ended 30 June 2014 (six months ended 30 June 2013: nil).

7. DIVIDEND

No dividends were paid, declared or proposed during the interim period. The Directors of the Company have determined that no dividends will be paid in respect of the interim period (six months ended 30 June 2013: nil).

8. 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\$159,328,826 (31 December 2013: HK\$187,443,533) by the number of shares in issue as at 30 June 2014, being 765,120,000 (31 December 2013: 765,120,000).

Loss per share

The calculation of the basic and diluted loss per share is based on the loss for the six months ended 30 June 2014 attributable to owners of the Company of HK\$5,204,005 (six months ended 30 June 2013: HK\$8,287,532) and 765,120,000 (six months ended 30 June 2013: 765,120,000) ordinary shares in issue during the period.

As there were no diluted potential ordinary shares, the diluted loss per share was the same as basic loss per share for the six months ended 30 June 2014 and 2013.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group acquired items of property, plant and equipment with a cost of HK\$437,000 (six months ended 30 June 2013: HK\$11,376).

During the six months ended 30 June 2014, the Group disposed of certain office equipment with an aggregate carrying amount of HK\$8,658 at cash consideration of HK\$2,000, resulting in a loss on disposal of property, plant and equipment of HK\$6,658 (six months ended 30 June 2013: nil).

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited 30 June 2014 HK\$	Audited 31 December 2013 HK\$
Equity securities listed overseas, at cost	19,829,080	19,080,813
Fair value adjustment	<u>(15,838,065)</u>	<u>(15,998,226)</u>
	<u>3,991,015</u>	<u>3,082,587</u>
Equity securities listed in Hong Kong, at cost	100,430,128	139,845,479
Fair value adjustment	<u>(3,306,034)</u>	<u>19,764,829</u>
	<u>97,124,094</u>	<u>159,610,308</u>
Total	<u><u>101,115,109</u></u>	<u><u>162,692,895</u></u>
Analysed for reporting purpose as:		
Non-current assets	<u><u>101,115,109</u></u>	<u><u>162,692,895</u></u>

11. FINANCIAL ASSETS DESIGNATED AS HELD FOR TRADING

	Unaudited 30 June 2014 HK\$	Audited 31 December 2013 HK\$
Financial assets at fair value through profit or loss		
Held for trading financial assets:		
— Equity securities listed in Hong Kong, at market value	<u><u>22,387</u></u>	<u><u>234,696</u></u>

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

12. CASH AND CASH EQUIVALENTS

	Unaudited 30 June 2014 HK\$	Audited 31 December 2013 HK\$
Fixed deposits in bank	—	9,995,890
Cash at bank and in hand	<u>49,992,304</u>	<u>8,426,231</u>
	<u><u>49,992,304</u></u>	<u><u>18,422,121</u></u>

Included in cash and cash equivalents in the condensed consolidated statement of financial position are the following amounts denominated in currencies other than the functional currency of the Group entities:

	Unaudited 30 June 2014	Audited 31 December 2013
USD	USD38,467	USD39,318
CAD	CAD354	—
RMB	RMB17,666	RMB30,666

13. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each	Nominal value <i>HK\$</i>
Authorised: At 1 January 2013, 31 December 2013 and 30 June 2014	4,000,000,000	200,000,000
Issued and fully paid: At 1 January 2013, 31 December 2013 and 30 June 2014	765,120,000	38,256,000

14. 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 non-cancellable operating leases in respect of office premises as follows:

	Unaudited 30 June 2014 <i>HK\$</i>	Audited 31 December 2013 <i>HK\$</i>
Within one year	2,328,720	2,745,228

Operating lease payments represent rental payables by the Group for its office premises. Leases are negotiated and rentals are fixed respectively for an average term of one to two years.

15. CONTINGENT LIABILITIES

At 30 June 2014, the Group had no significant contingent liabilities.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 June 2014, the Group reported a loss of approximately HK\$5.2 million (six months ended 30 June 2013: loss of approximately HK\$8.3 million). The decrease in loss was mainly attributed to the increase in realised gain on disposal of available-for-sale financial assets.

Liquidity and Financial Resources

As at 30 June 2014, the Group had cash and cash equivalents of approximately HK\$50 million (31 December 2013: approximately HK\$18.4 million). The increase in cash and cash equivalents was mainly due to the decrease of investment on equity securities during the period. Cash and cash equivalents represented approximately 31.4% of the Group's total assets as at 30 June 2014.

The Group's gearing ratio, which was defined as the ratio of total borrowings to owners' equity was not applicable as the Group did not have any bank loans or borrowing as at 30 June 2014 and 31 December 2013.

It is the Group's policy to adopt a prudent financial management strategy to meet risk fluctuation and investment opportunities.

Prospect

The ongoing conflicts in Ukraine and the Middle East could have significant impact on energy price, which will bring more uncertainties to the global economic recovery. Rising territorial conflicts in the waters in Southeast Asia and political tensions in Thailand could dampen strong growth in these regions. However, the Shanghai-Hong Kong Stock Connect (known as the "through train") could attract a large amount of capital and investment into the Hong Kong market. Therefore, the Directors will look for "value" stocks with solid fundamentals.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30 June 2014, none of the Directors, chief executive of the Company or their associated had any interests and short positions in the shares, debentures or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which were required pursuant to section 352 of the SFO, to be entered in the register referred therein or which were required, pursuant of the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, the following person or corporations interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company and 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	Note	Number of Shares	Type of interest	Approximately percentage of issued share capital of the Company
Hung Chao Hong	1	229,468,305	Interest of controlled corporation	29.99%

Note:

1. Mr. Hung Chao Hong ("Mr. Hung") is deemed to be interested in 229,468,305 shares held by Hyatt Servicing Limited which is 99.99% owned by Mr. Hung.

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 direct 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 2014, 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 2014.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2014, the Company had complied with all the applicable provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, save for the deviation from Code Provision A.2.1 and E.1.2 set out as below:

Code Provision A.2.1

In accordance with Code Provision A.2.1, it stipulates that the roles of the chairman and the chief executive are segregated and assumed by two separate individuals who have no relationship with each other to strike a balance of power and authority so that the job responsibilities are not concentrated on any one individual.

The Board has not appointed individuals to the posts of chairman and chief executive. The board is in the process of identifying suitable candidates to fill in the vacancies for chairman and chief executive in compliance with the requirement of the Code Provision A.2.1. Further announcement will be made by the Company with regard to the new appointment of chairman and chief executive of the Company in due course.

Code Provision E.1.2

In accordance with Code Provision E.1.2, it stipulates that the chairman of the board should attend the annual general meeting (“AGM”). No chairman of the board had attended the AGM of the Company held on 26 June 2014 as the board is in the process of identifying suitable candidate to fill in the vacancies for chairman. The said AGM was chaired by an executive Director.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Wong Chung Kin, Quentin (as chairman), Mr. Ng Man Fai, Matthew and Mr. Tsang Kwok Wa, Edward. 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 2014 have been reviewed by the Audit Committee.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on 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 2014 will be published at the same websites and will be despatched to the Company’s shareholders in due course.

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

Hong Kong, 28 August 2014

As at the date of this announcement, the executive Directors are Mr. Luk Hong Man, Hammond, Mr. Ye Yinggang and Mr. Zhang Xi; and the independent non-executive Directors are Mr. Wong Chung Kin, Quentin, Mr. Tsang Kwok Wa, Edward and Mr. Ng Man Fai, Matthew.

* For identification purpose only