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中投國際

CHINA INVESTMENT FUND INTERNATIONAL HOLDINGS LIMITED
中國投資基金國際控股有限公司*

(Formerly known as 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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

The Board (the “**Board**”) of Directors (the “**Directors**”) of China Investment Fund International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2016, with the comparative figures for the year ended 31 December 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2016

	<i>Notes</i>	2016 HK\$	2015 HK\$
Revenue	3	572,162	840,901
Net realised gain on disposals of available-for-sale financial assets		38,435,795	3,665,506
Net realised (loss) gain on disposals of financial assets at fair value through profit or loss		(16,168,562)	3,846,224
Net unrealised loss on financial assets at fair value through profit or loss		<u>(55,550,058)</u>	<u>(3,207,804)</u>
		(32,710,663)	5,144,827
Other income	3	—	52,456
Net gain (loss) on disposals of subsidiaries/deregistration of subsidiaries	10	225,905	(317,275)
Impairment loss on available-for-sale financial assets		—	(29,232,240)
Impairment loss on prepayments and deposits		(10,000,000)	(1,215,000)
Administrative expenses		(78,799,333)	(65,908,706)
Finance costs	5	<u>(2,164,185)</u>	<u>(1,221,793)</u>
Loss before tax	6	(123,448,276)	(92,697,731)
Income tax expense	7	<u>—</u>	<u>—</u>
Loss for the year attributable to owners of the Company		<u>(123,448,276)</u>	<u>(92,697,731)</u>
Loss per share	9		
— Basic (HK cents per share)		<u>(11.15)</u>	<u>(10.12)</u>
— Diluted (HK cents per share)		<u>(11.15)</u>	<u>(10.12)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	HK\$	HK\$
Loss for the year attributable to owners of the Company	<u>(123,448,276)</u>	<u>(92,697,731)</u>
Other comprehensive (expenses) income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of a foreign operation	32,433	(23,919)
Net (loss) gain arising on revaluation of available-for-sale financial assets	(30,986,420)	31,499,434
Reclassification of investment revaluation reserve upon disposals of available-for-sale financial assets	<u>(33,207,445)</u>	<u>10,824,319</u>
Other comprehensive (expenses) income for the year, net of tax	<u>(64,161,432)</u>	<u>42,299,834</u>
Total comprehensive expenses attributable to owners of the Company	<u>(187,609,708)</u>	<u>(50,397,897)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	<i>Notes</i>	2016 HK\$	2015 HK\$
Non-current assets			
Property, plant and equipment		3,012,037	2,761,880
Intangible assets		3,612,279	—
Available-for-sale financial assets	<i>11</i>	58,412,214	157,582,634
Rental deposits		4,655,471	1,610,071
		69,692,001	161,954,585
Current assets			
Prepayments, deposits and other receivables		15,358,050	19,071,121
Available-for-sale financial assets	<i>11</i>	—	24,274,600
Financial assets at fair value through profit or loss	<i>12</i>	46,812,600	50,968,080
Cash and cash equivalents		17,170,079	33,983,457
		79,340,729	128,297,258
Current liabilities			
Accruals and other payables		2,222,672	2,579,479
Borrowings		3,000,000	—
		5,222,672	2,579,479
Net current assets		74,118,057	125,717,779
Total assets less current liabilities		143,810,058	287,672,364

	<i>Notes</i>	2016 HK\$	2015 HK\$
Non-current liabilities			
Borrowings		42,193,144	43,355,361
Advance from a shareholder	13	26,318,619	—
		<u>68,511,763</u>	<u>43,355,361</u>
Net assets		<u>75,298,295</u>	<u>244,317,003</u>
Capital and reserves			
Share capital		55,351,000	55,351,000
Reserves		19,947,295	188,966,003
Total equity		<u>75,298,295</u>	<u>244,317,003</u>
Net asset value per share	9	<u>0.07</u>	<u>0.22</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Hong Kong Companies Ordinance (“**CO**”).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

The application of the above amendments to HKFRSs in the current year has had no material impact on the Group’s financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not effective

The Group has not early applied the following new and 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
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 HKAS 7	Disclosure Initiative ⁴
Amendments to HKAS 12	Recognition of deferred Tax Assets for Unrealised Losses ⁴

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.

⁴ Effective for annual periods beginning on or after 1 January 2017.

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income,

unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Directors of the Company is in the process of making an assessment of the potential impact of the application of HKFRS 9 and it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group performs a detailed review.

The Directors of the Company is in the process of making assessment of the potential impact of the other new and revised HKFRSs upon initial application but is not yet in a position to state whether these other new and revised HKFRSs would have any significant impact on its results of operations and financial position of the Group.

3. REVENUE AND OTHER INCOME

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

	2016	2015
	HK\$	HK\$
Revenue		
Interest income from:		
Deposits in banks and financial institutions	11,568	20,379
Available-for-sale ("AFS") financial assets	560,594	805,022
Dividend income from:		
Financial assets at fair value through profit or loss ("FVTPL")	—	15,500
	572,162	840,901
Other income		
Sundry income	—	52,456

4. SEGMENT INFORMATION

For the years ended 31 December 2016 and 2015, the Group's revenue were mainly interest income and dividend income from 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 year, analysed by geographical markets, are as follows:

	Hong Kong		PRC		Consolidated	
	2016	2015	2016	2015	2016	2015
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Segment revenue:						
Interest income from deposits in banks and financial institutions	11,568	20,379	—	—	11,568	20,379
Interest income from AFS financial assets	—	—	560,594	805,022	560,594	805,022
Dividend income from financial assets at FVTPL	—	15,500	—	—	—	15,500
	<u>11,568</u>	<u>35,879</u>	<u>560,594</u>	<u>805,022</u>	<u>572,162</u>	<u>840,901</u>
Non-current assets*	6,624,316	2,761,880	—	—	6,624,316	2,761,880
Total assets	<u>109,569,382</u>	<u>208,956,140</u>	<u>39,463,348</u>	<u>81,295,703</u>	<u>149,032,730</u>	<u>290,251,843</u>
Total liabilities	<u>73,734,003</u>	<u>45,934,840</u>	<u>432</u>	<u>—</u>	<u>73,734,435</u>	<u>45,934,840</u>
Other segment information:						
Additions to property, plant and equipment	1,879,823	3,026,313	—	—	1,879,823	3,026,313
Additions to intangible assets	<u>3,612,279</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,612,279</u>	<u>—</u>

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

Given that the nature of the Group's operation is investment holding, there was no information regarding major customers as determined by the Group.

5. FINANCE COSTS

	2016	2015
	<i>HK\$</i>	<i>HK\$</i>
Interest expenses on bank and broker accounts overdrafts	1	302
Effective interest expenses on interest-bearing loan notes	<u>2,164,184</u>	<u>1,221,491</u>
	<u>2,164,185</u>	<u>1,221,793</u>

6. LOSS BEFORE TAX

	2016	2015
	<i>HK\$</i>	<i>HK\$</i>
The Group's loss before tax has been arrived at after charging the following items:		
Directors' emoluments:		
Fees	4,094,246	1,678,401
Other emoluments	3,271,253	2,748,154
Discretionary bonuses	—	7,542,551
Retirement benefits scheme contributions	65,161	36,000
Equity-settled share-based payments	12,949,000	1,290,858
Staff costs:		
Basic salaries and allowances	4,776,936	8,641,377
Discretionary bonuses	—	2,366,919
Retirement benefits scheme contributions	163,184	185,283
Equity-settled share-based payments	<u>5,642,000</u>	<u>9,454,917</u>
Total staff costs (including Directors' emoluments)	<u>30,961,780</u>	<u>33,944,460</u>
Auditor's remuneration	690,000	670,000
Depreciation of property, plant and equipment	1,018,887	921,873
Impairment loss on prepayments and deposits	10,000,000	1,215,000
Loss on disposals of property, plant and equipment	36,384	641,514
Net foreign exchange losses	688,294	349,323
Operating lease charges in respect of office premises	6,779,659	4,945,642
Investment management fee	—	1,064,695
Impairment loss on AFS financial assets	—	29,232,240
Equity-settled share-based payments (other than directors and employees)	<u>—</u>	<u>1,113,225</u>

7. INCOME TAX EXPENSE

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for the year (2015: Nil).

The tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2016	2015
	HK\$	HK\$
Loss before tax	<u>(123,448,276)</u>	<u>(92,697,731)</u>
Tax at the Hong Kong Profits Tax rate of 16.5% (2015: 16.5%)	(20,368,945)	(15,295,125)
Tax effect of income not taxable for tax purpose	(152,209)	(983,243)
Tax effect of expenses not deductible for tax purpose	10,734,624	12,006,438
Tax effect of temporary differences previously not recognised	86,519	(10,649)
Tax effect of tax losses not recognised	<u>9,700,011</u>	<u>4,282,579</u>
Tax expense for the year	<u>—</u>	<u>—</u>

No deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. The tax losses do not expire under the current tax legislation and may be carried forward indefinitely. The Group had no material unprovided deferred tax liabilities at the end of the reporting period (2015: Nil).

8. DIVIDEND

No dividend was paid or proposed during the year, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

9. 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 consolidated statement of financial position of HK\$75,298,295 (2015: HK\$244,317,003) by the number of shares in issue as at 31 December 2016, being 1,107,020,000 (2015: 1,107,020,000).

Loss per share

The calculation of the basic and diluted loss per share is based on the loss for the year attributable to owners of the Company of HK\$123,448,276 (2015: HK\$92,697,731) and 1,107,020,000 ordinary shares (2015: the weighted average number shares of 916,098,904) in issue during the year.

For the years ended 31 December 2016 and 2015, the computation of diluted loss per share has not assumed the conversion of the Company's outstanding share options since they are anti-dilutive for both the years ended 31 December 2016 and 2015. Accordingly, diluted loss per share are the same as basic loss per share.

10. NET GAIN (LOSS) ON DISPOSALS OF SUBSIDIARIES/DEREGISTRATION OF SUBSIDIARIES

During the year 2016, the Group disposed of its 100% equity interest in Assets Bloom Limited together with its subsidiaries, Best Keen International Limited together with its subsidiary, Big Star Ventures Limited together with its subsidiaries, and Victory Pride Limited with its subsidiary to the independent third parties for an aggregate consideration of HK\$1,080, resulting in a gain on disposal of HK\$225,905.

The aggregate net liabilities of the subsidiaries at the date of disposal were as follow:

	2016 HK\$
Motor vehicles	574,395
Other receivables	780
Deposit received	(800,000)
	<hr/>
Net liabilities disposal of:	(224,825)
Total consideration	(1,080)
	<hr/>
Net gain on disposals	(225,905)
	<hr/>

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

Net cash inflow arising on disposal:	
Cash consideration received	1,080
Cash and cash equivalents disposed of	—
	<hr/>
	1,080
	<hr/>

During the year ended 31 December 2016, the Group deregistered three dormant subsidiaries, Art Cheer Limited, Mighty Leader Limited and Sun Speed Limited incorporated in Vanuatu. There was no gain or loss arising from the deregistration.

During the year 2015, the Group disposed of its 100% equity interest in Attractive Bright Limited together with its subsidiaries, Auspicious Grace Limited together with its subsidiaries, Blazing Source Limited together with its subsidiary, Hero Linker Investment Limited with its subsidiary and Happy Amigo Limited with its subsidiaries to independent third parties for an aggregate consideration of HK\$8,031,972, resulting in a loss on disposal of subsidiaries of HK\$317,077. The Group also disposed of its 100% equity interest in Serene Goodwill Limited together with its subsidiaries to a director of Serene Goodwill Limited for a consideration of HK\$330,000, resulting in a loss on disposal of HK\$198.

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

	2015 HK\$
Motor vehicles	3,049,759
Other receivables	15
Cash and cash equivalents	<u>5,629,473</u>
Net assets disposal of:	8,679,247
Total consideration	<u>(8,361,972)</u>
Net loss on disposals	<u>317,275</u>

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

Net cash inflow arising on disposal:	
Cash consideration received	8,361,972
Cash and cash equivalents disposed of	<u>(5,629,473)</u>
	<u>2,732,499</u>

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2016 HK\$	2015 HK\$
Listed equity securities, at cost (<i>note 1</i>)	12,976,745	47,953,300
Fair value adjustments	<u>(9,060,245)</u>	<u>41,491,700</u>
	<u>3,916,500</u>	<u>89,445,000</u>
Unlisted equity securities, at cost (<i>note 2</i>)	77,975,000	77,975,000
Fair value adjustments	<u>(23,479,286)</u>	<u>(9,837,366)</u>
	<u>54,495,714</u>	<u>68,137,634</u>
Unlisted debt instruments, at cost	—	53,506,840
Less: Provision for impairment loss	<u>—</u>	<u>(29,232,240)</u>
	<u>—</u>	<u>24,274,600</u>
Total	<u>58,412,214</u>	<u>181,857,234</u>
Analysed for reporting purpose as:		
Non-current assets	58,412,214	157,582,634
Current assets	<u>—</u>	<u>24,274,600</u>
Total	<u>58,412,214</u>	<u>181,857,234</u>

Note 1: The fair value of listed equity securities are based on their quoted closing price in an active market.

Note 2: The fair value of unlisted equity securities are based on the valuation assessment performed by the Directors of the Company with reference to the valuation reports by independent valuer companies.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	2015
	<i>HK\$</i>	<i>HK\$</i>
Financial assets at held for trading		
— Equity securities listed in Hong Kong, at market value	<u>46,812,600</u>	<u>50,968,080</u>

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

13. ADVANCE FROM A SHAREHOLDER

The advance from a shareholder of the Company is unsecured, interest-free and have no fixed term of repayment. The shareholder has confirmed that the outstanding balance of its current account at the year end will not demand the Company for repayment within eighteen months after the end of reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in investment in both listed and unlisted securities.

In 2016, a couple of major events made shocking and lasting impacts on political, economical and financial fronts all around the world. Donald Trump defied almost all predictions to become President of the United States. Concern about protectionism from President Donald Trump is rising substantially. The UK referendum result was a shattering blow to European Union leaders, who were only just beginning to breathe more easily after years of battles to keep the euro currency together. Under such highly uncertain investment environment, the Directors have taken prudent investment strategy to manage the Group's investment portfolio.

For the year ended 31 December 2016, the Group recorded a net loss of approximately HK\$123,448,000 (2015: approximately HK\$92,698,000), representing an increase in net loss of approximately HK\$30,750,000 or 33% as compared to last year. The loss was mainly due to net realised loss on disposals of financial assets at fair value through profit or loss and the increase in the net unrealised loss on financial assets at fair value through profit or loss, impairment loss on prepayments and deposits, administrative expenses and finance costs during the year.

SECURITIES INVESTMENTS

The Board exercised caution while actively managing its investment portfolio in accordance with the Company's investment objective and policy for the best interest for our shareholders. For the year ended 31 December 2016, the Group recorded a revenue of approximately HK\$572,000 (2015: approximately HK\$841,000), decreased by approximately 32% over the previous year. The Group made a net realised gain on disposals of available-for-sale financial assets of approximately HK\$38,436,000 (2015: approximately HK\$3,666,000). The Group recorded a net realised loss on disposals of financial assets at fair value through profit or loss of approximately HK\$16,169,000 (2015: net realised gain of approximately HK\$3,846,000). The Group made a net unrealised loss on financial assets at fair value through profit or loss of approximately HK\$55,550,000 (2015: approximately HK\$3,208,000).

Investment in listed securities

For the year ended 31 December 2016, included in the Group's available-for-sale financial assets of approximately HK\$3,917,000 (2015: approximately HK\$89,445,000) and the financial assets at fair value through profit or loss of approximately HK\$46,813,000 (2015: approximately HK\$50,968,000).

Investment in unlisted securities

For the year ended 31 December 2016, the Group's investment portfolio in unlisted securities consists of Mountain Gold Holdings Inc. ("Mountain Gold") of approximately HK\$39,286,000 (2015: approximately HK\$52,215,000) and Galaxy Automotive MS Inc. ("Galaxy AMS") of approximately HK\$15,210,000 (2015: HK\$15,923,000).

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. A 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 for the mining license and 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 market 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 REVIEW

The Company held seven investments as of 31 December 2016, comprising five equity securities listed in Hong Kong and two private equity securities in Republic of Vanuatu.

At 31 December 2016

Listed equity securities in Hong Kong

Name of investee company	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK\$	Market value HK\$	Unrealised gain/(loss) recognised HK\$	Net asset attributable to the Company HK\$000	Dividend received/receivable during the year HK\$	% of gross assets of the Company HK\$
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%
Kingbo Strike Limited	Cayman Islands	11,190,000	1.47%	12,976,745	3,916,500	(9,060,245)	7,657	–	2.63%

Private equity securities

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%

At 31 December 2015

Listed equity securities in Hong Kong

Name of investee company	Place of incorporation	Particular of issued shares held	Proportion of investee's capital owned	Cost HK\$	Market value HK\$	Unrealised gain/(loss) recognised HK\$	Net asset attributable to the Company HK\$000	Dividend received/receivable during the year HK\$	% of gross assets of the Company HK\$
Newtree Group Holdings Limited	Cayman Islands	8,200,000	0.91%	29,340,340	21,402,000	(7,938,340)	5,496	-	7.37%
Tech Pro Technology Development Limited	Cayman Islands	16,704,000	0.26%	23,754,444	29,566,080	5,811,636	2,820	-	10.19%
Kingbo Strike Limited	Cayman Islands	15,000,000	2.34%	17,395,100	28,500,000	11,104,900	3,109	-	9.82%
China Baoli Technologies Holdings Limited	Cayman Islands	239,000,000	3.16%	30,558,200	60,945,000	30,386,800	7,174	-	21.00%

Private equity securities

Galaxy Automotive MS Inc.	Republic of Vanuatu		29%	27,975,000	15,923,000	(12,052,000)	446	-	5.49%
Mountain Gold Holdings Inc.	Republic of Vanuatu		6.4%	50,000,000	52,214,634	2,214,634	52,215	-	17.99%

Going forward

Given the fluctuation in the worldwide financial markets, the Board will continue to identify any investment opportunities and manage the investment portfolio in accordance with the Company's investment objective and policy with a view of gaining good investment yields for our shareholders. The Board will monitor market development closely with a view of identifying attractive and long-term investment opportunities.

Since September 2015 when the service agreement with its then outside investment manager terminated, the Company's investment decisions have been based upon the professional judgement of its executive Directors with the assistance of outside professional advice as appropriate. While it is not a mandatory requirement for the Company to engage an outside investment manager, the Company notes the contribution an outside investment manager may bring. The Company aims to formally engage an investment manager before the end of the second quarter in 2017 subject to obtaining the required regulatory approval. Until the engagement of the investment manager takes effect, all the investment decisions of the Company will need to be approved unanimously by the Company's executive Directors, who will have to demonstrate, with the assistance of legal or other professional advisers as appropriate, that their investment decisions will not contravene the investment restrictions currently set out in the Company's articles of association.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK\$17,170,000 as at 31 December 2016 (2015: approximately HK\$33,983,000). As at 31 December 2016, the Group had the long-term debt which are interest-bearing loan notes and advance from a shareholder in an aggregate amount of approximately HK\$68,512,000 (2015: approximately HK\$43,355,000).

Apart from the long-term debt, the Group had unsecured bonds with principal amount of HK\$3,000,000, matured on 28 December 2017.

The Group's gearing ratio, representing the total debt divided by equity attributable to owners of the Company, was approximately 95% as at 31 December 2016 (2015: 18%).

There were capital commitments of approximately HK\$7,208,000 as at 31 December 2016 (2015: Nil) which would require a substantial use of the Group's present cash resources or external funding (2015: Nil).

The Group did not have any material contingent liability as at 31 December 2016 (2015: Nil).

The exchange risk of the Group is minimal as the substantial assets and liabilities of the Group are denominated on Hong Kong dollars. In Year 2015, the Group had financial assets of HK\$24,275,000 which was denominated in Renminbi. The Group currently does not have any foreign currency hedging policy. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

ESTABLISHMENT OF SUBSIDIARIES AND DISPOSAL OF SUBSIDIARIES

Total 27 subsidiaries were established, 9 subsidiaries were disposed, and 3 subsidiaries were deregistered during the year ended 31 December 2016.

CAPITAL STRUCTURE

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). During the year, there was no movement in the Company’s share capital.

PROSPECTS

The economic environment for China this year becomes more challenging due to rising tensions in Northeast Asia, South China Sea, as well as the Middle East, which will have a significant impact on commodity prices and international trade. However, China’s GDP is still expected to grow by 6.5% in 2017, well above the global average. Hence, the Directors will continue to take prudent strategies, such as investing in projects in China with strong growth prospect and favorable government policy, to manage our portfolio.

EMPLOYEES

As at 31 December 2016, the Company had 22 employees (2015: 22), including executive Directors, non-executive Directors and independent non-executive 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. During the year, the Group has generally maintained good relationship with its employees.

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

During the year ended 31 December 2016, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

SUMMARY OF MATERIAL LEGAL PROCEEDINGS INVOLVING THE COMPANY

High Court Action 796 of 2016 and High Court Action 2654 of 2016

A Writ of Summons with an Indorsement of Claim dated 29 March 2016 has been issued in the High Court of Hong Kong in High Court Action 796 of 2016 by Yang Yan as plaintiff against the Company and its subsidiary Grand Dragon Investment Development Limited (“**Grand Dragon**”) as defendants whereby the plaintiff claims against the defendants for the forfeiture of deposit for HK\$10,000,000 paid by the defendants. Service of the Writ of Summons and the Statement of Claim took place on respectively in May 2016 and August 2016. The outcome of the hearing in March 2017 of an application by the Company and Grand Dragon that the Writ of Summons and the Statement of Claim be struck out purely on the ground that the claims disclosed no reasonable cause of action based on the plaintiff’s pleaded claim was unsuccessful. Notwithstanding this, the Company and Grand Dragon will continue to strenuously contest the above legal proceedings and proceed with other procedural steps which may ultimately lead to a trial of the action. In addition, Grand Dragon as plaintiff will continue to pursue its claim under the Writ of Summons together with a Statement of Claim dated 12 October 2016 against Ms. Yang as defendant under High Court Action 2654 of 2016 for the return of the HK\$10 million paid to Ms. Yang.

CORPORATE GOVERNANCE PRACTICES

Following the issue of the Code on Corporate Governance Practices (the “**CG Code**”), as set out in Appendix 14 of the Listing Rules, the Company has carefully reviewed and considered its provisions, and carried out a detailed analysis on the corporate governance practices of the Company against the requirements of the CG Code. We have, throughout the year ended 31 December 2016, complied with the code provisions of the CG Code as and when they were/are applicable and in force, except for the deviations from code provisions A.2.1 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 appointed Mr. Sui Guangyi as chairman with effect from 2 October 2015 while the role of chief executive remained vacant until 22 April 2016 when it was assumed by Mr. Luk Hong Man, Hammond when the Board appointed him as chief executive officer with effect from that date.

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 composition and members of the Audit Committee comply with the requirement under Rule 3.21 of the Listing Rules.

The Audit Committee is mainly responsible for overseeing the Company's financial reporting system and internal control procedures; making recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of the resignation or dismissal of such auditors; and reviewing the interim and annual reports and accounts of the Company.

The Audit Committee meets regularly to review the financial reporting process and internal controls of the Group. The Audit Committee has reviewed the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters with the management of the Company including a review on the consolidated financial statements of the Group for the year ended 31 December 2016.

The Group's 2016 audited financial statements had been duly reviewed by the Audit Committee with the auditor. The members of the Audit Committee unanimously recommended for approval by the Board. The Audit Committee has concluded that it is satisfied with the professional performance of the auditor and therefore recommends the Board that HLM CPA Limited (“HLM”) be re-appointed as our auditor in the AGM.

With the consent of the Audit Committee, the Board hereby confirms that, in the preparation of the 2016 consolidated financial statements of the Company, the Directors, both collectively and individually applied such degree of skill, care and diligence as may reasonably be expected of under the Rule 3.08 of the Listing Rules.

HLM was appointed as auditor of the Company until conclusion of the AGM.

REMUNERATION COMMITTEE

Remuneration Committee currently comprised of executive Director, Mr. Zhang Xi and independent non-executive Directors, namely, Mr. Zhang Aimin (Chairman) and Ms. Jing Siyuan.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and making recommendations to the Board on the remuneration packages of individual executive Director and senior management.

NOMINATION COMMITTEE

The Nomination Committee comprised of executive Director, Mr. Luk Hong Man, Hammond, independent non-executive Directors, namely, Ms. Jing Siyuan (Chairman) and Mr. Zhang Aimin.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of the independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

The Nomination Committee formulated the Board diversity policy and the Company has adopted the Board diversity policy in August 2013. The Company recognises and embraces the benefits of diversity in Board members. Selection of Board members will be based on a range of diversified perspectives, including but not limited to gender, age, ethnicity, cultural and educational background, or professional experience. All Board appointments will be based on merit and the needs of the Company's business while taking into account diversity. The Nomination Committee also monitors the implementation of this policy and reports to the Board on the achievement of the measurable objectives for achieving diversity under this policy.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final 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 annual report for the year ended 31 December 2016 will be published on the same websites and will be despatched to the Company's shareholders in due course.

SCOPE OF WORK OF HLM

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2016 as set out in this announcement have been agreed by the Group's auditor, HLM, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLM on this preliminary announcement.

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

Hong Kong, 31 March 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 and Mr. Wang Mengtao; and the independent non-executive Directors are Ms. Jing Siyuan, Mr. Zhang Aimin and Mr. Zhang Qiang.

* *For identification purpose only*