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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)

**MEMORANDUM OF UNDERSTANDING RELATING
TO THE PROPOSED SETTING UP OF BUYOUT FUNDS**

This announcement is made pursuant to Rule 13.09 of the Listing Rules and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

INTRODUCTION

The Board is pleased to announce that on 10 November 2016 (after trading hours), the Company entered into the MOU with Devin Capital in relation to the proposed setting up of the Qianhai Zhongrun Emerging Industry M&A Private Investment Funds in the aggregate size of RMB1 billion. Except for certain general provisions, the MOU is non-legally binding. After signing of the MOU, it is envisaged that the parties will enter into negotiations for preparing legally-binding documentation under applicable laws containing definitive terms governing the setting up of the Buyout Funds including registration and filing requirements with the relevant governmental authorities as applicable, and subject to the Company's compliance with the applicable regulatory requirements.

* *For identification purpose only*

MOU

Date

10 November 2016 (after trading hours)

Parties

- (i) Devin Capital; and
- (ii) the Company

Buyout Funds proposed to be set up

The Buyout Funds are legally separate investment funds the completion of which are not inter-dependent on one another and each of which is expected to take the legal form of a limited partnership.

Size of the Buyout Funds and the first Buyout Fund

The aggregate size of the Buyout Funds is expected to be RMB1 billion.

The size of the first Buyout Fund, which is legally separate from other Buyout Funds and the closing of which is not inter-dependent on any other Buyout Fund, is expected to be RMB100 million.

The contribution by the Company or its subsidiary to the first Buyout Fund is subject to the availability of the cash and other resources of the Company as determined in its sole discretion and as particularized below under the heading “**Parties’ contribution to a Buyout Fund**”.

Investment direction

Investment direction of the Buyout Funds focuses on emerging industries such as information security chip, quantum communication, information intelligent transmission, lithium battery, and graphene, which industries are currently considered by the Company as prospective growth areas on a global basis.

Management of a Buyout Fund

Company or its subsidiary will act as a limited partner of a Buyout Fund.

Devin Capital or its subsidiary (as permitted under applicable law) will act as the general partner and the fund manager of a Buyout Fund and be responsible for the day to day management of a Buyout Fund.

A fund investment decision committee is expected to be responsible for investment targets, acquisition programs, fund withdrawal, and other important matters. The rules, composition and other salient features of the committee are to be decided between the parties and set out in the definitive legal documentation.

Parties' contribution to a Buyout Fund

Company or its subsidiary:

- (a) is expected to subscribe capital contribution of not more than 30% of the size of a Buyout Fund, but subject always to the requirement in the Company's articles of association that it will not of itself or through its wholly-owned subsidiary invest or own or control more than 30% of the voting rights of any Buyout Fund or its underlying assets; and
- (b) is expected to make capital contribution which shall not exceed the percentage of the Group's net asset value as specified in and calculated in accordance with the Company's articles of association from time to time, which percentage is currently 20%.

Devin Capital or its subsidiary (as permitted under applicable law):

- (a) is expected to subscribe capital contribution of 1% of the size of a Buyout Fund; and
- (b) is responsible for raising the balance of the capital contribution, that is, 69% of the size of a Buyout Fund.

Duration

Duration of each Buyout Fund is expected to be five (5) years.

Non legally-binding effect

Save for the provisions regarding, among other things, Devin Capital's acknowledgement that the Company's fulfillment of matters contemplated in the MOU are subject to the Listing Rules and other applicable laws and regulations, all other provision are non-legally binding. The MOU is subject to the entering into of legally-binding documentation under applicable laws containing definitive terms governing the proposed setting up of the Buyout Funds including registration and filing requirements with the relevant governmental authorities as applicable.

INFORMATION OF DEVIN CAPITAL

Devin Capital is a company established under the laws of the PRC and an Independent Third Party not connected with the Company within the meaning of the Listing Rules.

REASONS FOR AND BENEFIT OF THE PROPOSED SETTING UP OF THE BUYOUT FUNDS

The Company is an investment company under Chapter 21 of the Listing Rules and the Group is principally engaged in investment in listed and unlisted securities. The proposed setting up of the Buyout Funds will enable the Company to widen the reach of its investments into emerging industries such as information security chip, quantum communication, information intelligent transmission, lithium battery, and grapheme.

After taking into consideration of the above, the Board considers that the entering into of the MOU and the matters contemplated therein are in the interests of the Company and the Shareholders as a whole.

General

The Board wishes to emphasize that no binding agreement in relation to the proposed setting up of any of the Buyout Funds has been entered into as at the date of this announcement. The proposed setting up of the Buyout Funds is subject to the entering into of definitive legal documentation and registration or other applicable requirements, and therefore may or may not materialize. The shareholders and potential investors of the Company are advised to exercise caution in the dealing in the shares and other securities of the Company.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“Buyout Funds”	one or more Qianhai Zhongrun Emerging Industry M&A Private Investment Funds, which are legally separate investment funds in the form of limited partnerships, the completion of which are not inter-dependent on one another, proposed to be set up further to the entering into of the MOU
“Company”	China Investment Fund International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on Main Board of the Stock Exchange with stock code 612
“connected person”	having the meaning ascribed thereto under the Listing Rules
“Devin Capital”	Devin Capital Management Company Limited, a company established under the laws of the PRC
“Directors”	directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“MOU”	the non-legally binding (save for certain provisions therein) memorandum of understanding dated 10 November 2016 entered into between the Company and Devin Capital
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Hong Kong, 10 November 2016

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.