



Interim Report 2014



中國投資基金有限公司

CHINA INVESTMENT FUND COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 00612

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 HK\$	2013 HK\$
	Notes		
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	16	—	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		(5,204,005)	(8,287,532)
Loss per share	8		
— Basic (HK cents)		(0.68)	(1.08)
— Diluted (HK cents)		(0.68)	(1.08)

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
	HK\$	HK\$
Loss for the period attributable to owners of the Company	(5,204,005)	(8,287,532)
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	(7,094,521)	35,113
Other comprehensive expenses for the period, net of tax	(22,910,702)	(7,627,463)
Total comprehensive expenses for the period attributable to owners of the Company	(28,114,707)	(15,914,995)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014

	Notes	Unaudited 30 June 2014 HK\$	Audited 31 December 2013 HK\$
Non-current assets			
Property, plant and equipment	9	5,206,467	5,593,041
Available-for-sale financial assets	10	101,115,109	162,692,895
		106,321,576	168,285,936
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	49,992,304	18,422,121
		53,109,250	20,997,597
Current liability			
Accruals		102,000	1,840,000
		53,007,250	19,157,597
Net current assets			
		159,328,826	187,443,533
Total assets less current liability			
Capital and reserves			
Share capital	13	38,256,000	38,256,000
Reserves		121,072,826	149,187,533
Equity attributable to owners of the Company			
		159,328,826	187,443,533
Net asset value per share			
	8	0.21	0.24

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Equity attributable to owners of the Company					
	Share capital	Share premium	Exchange reserve	Investment revaluation reserve	Accumulated losses	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 January 2014 (audited)	38,256,000	197,332,138	(4,014)	3,770,617	(51,911,208)	187,443,533
Other comprehensive income (expenses) for the period	—	—	4,262	(22,914,964)	—	(22,910,702)
Loss for the period	—	—	—	—	(5,204,005)	(5,204,005)
Total comprehensive income (expenses) for the period	—	—	4,262	(22,914,964)	(5,204,005)	(28,114,707)
At 30 June 2014 (unaudited)	38,256,000	197,332,138	248	(19,144,347)	(57,115,213)	159,328,826
At 1 January 2013 (audited)	38,256,000	197,332,138	8,375	(15,863,773)	(31,913,140)	187,819,600
Other comprehensive expenses for the period	—	—	(10,757)	(7,616,706)	—	(7,627,463)
Loss for the period	—	—	—	—	(8,287,532)	(8,287,532)
Total comprehensive expenses for the period	—	—	(10,757)	(7,616,706)	(8,287,532)	(15,914,995)
At 30 June 2013 (unaudited)	38,256,000	197,332,138	(2,382)	(23,480,479)	(40,200,672)	171,904,605

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2014

	Unaudited six months ended 30 June	
	2014 HK\$	2013 HK\$
Net cash used in operating activities	(14,749,231)	(8,246,216)
Net cash generated from (used in) investing activities	46,319,414	(12,984,135)
Net increase (decrease) in cash and cash equivalents	31,570,183	(21,230,351)
Cash and cash equivalents at 1 January	18,422,121	31,152,802
Cash and cash equivalents at 30 June	49,992,304	9,922,451
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	49,992,304	9,922,451

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.



2. PRINCIPAL ACCOUNTING POLICIES (continued)

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.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

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 HK\$	2013 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	—
	815,872	1,286,875
Other income		
Net foreign exchange gain	1,684	5,201
Sundry income	24,342	12,171
	26,026	17,372

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 HK\$	2013 HK\$	2014 HK\$	2013 HK\$	2014 HK\$	2013 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

4. SEGMENT INFORMATION (continued)

	Hong Kong		Others		Consolidated	
	Unaudited 30 June 2014 HK\$	Audited 31 December 2013 HK\$	Unaudited 30 June 2014 HK\$	Audited 31 December 2013 HK\$	Unaudited 30 June 2014 HK\$	Audited 31 December 2013 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 was derived from convertible notes issued by companies incorporated outside Hong Kong.

5. LOSS BEFORE TAX

	Unaudited six months ended 30 June	
	2014 HK\$	2013 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 ordinary 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 the number of ordinary shares of 765,120,000 (six months ended 30 June 2013: 765,120,000) 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 (note 1)	19,829,080	19,080,813
Fair value adjustment	(15,838,065)	(15,998,226)
	3,991,015	3,082,587
Equity securities listed in Hong Kong, at cost (note 2)	100,430,128	139,845,479
Fair value adjustment	(3,306,034)	19,764,829
	97,124,094	159,610,308
Total	101,115,109	162,692,895
Analysed for reporting purpose as: Non-current assets	101,115,109	162,692,895

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

Note 1: Equity securities listed overseas (note a)

Name of investee company	Place of incorporation	Percentage of effective interest held	At cost		Fair value adjustment		Carrying amounts	
			Unaudited 30 June 2014	Audited 31 December 2013	Unaudited 30 June 2014	Audited 31 December 2013	Unaudited 30 June 2014	Audited 31 December 2013
			HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Adamas Finance Asia Limited (Previously known as China Private Equity Investment Holdings Limited)	British Virgin Islands	0.38%	19,829,080	19,080,813	(15,838,065)	(15,998,226)	3,991,015	3,082,587

Note 2: Equity securities listed in Hong Kong (note b)

Name of investee companies	Place of incorporation	Percentage of effective interest held	At cost		Fair value adjustment		Carrying amounts	
			Unaudited 30 June 2014	Audited 31 December 2013	Unaudited 30 June 2014	Audited 31 December 2013	Unaudited 30 June 2014	Audited 31 December 2013
			HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Asia Energy Logistics Group Limited	Hong Kong	0.07%	666,830	666,830	172,690	144,070	839,520	810,900
China Fortune Financial Group Limited	Cayman Islands	0.12%	422,170	422,170	7,944	(82,814)	430,114	339,356
China Nuclear Industry 23 International Corporation Limited	Bermuda	2.38%	42,956,294	42,956,294	(13,379,674)	(10,762,274)	29,576,620	32,194,020
Forriton Group Limited	Bermuda	1.44%	7,244,815	7,244,815	7,087,985	10,671,185	14,332,800	17,916,000
GCL New Energy Holdings Limited (Previously known as Same Time Holdings Limited)	Bermuda	0.21%	6,706,839	29,186,723	7,405,161	24,427,277	14,112,000	53,614,000
Hao Tian Development Group Limited	Cayman Islands	0.83%	9,539,660	10,544,040	(4,932,540)	869,720	4,607,120	11,413,760
Value Convergence Holdings Limited	Hong Kong	8.21%	32,893,520	32,893,520	332,400	6,096,080	33,225,920	38,989,600
Media Asia Group Holdings Limited	Bermuda	—	—	15,931,087	—	(11,598,415)	—	4,332,672
			100,430,128	139,845,479	(3,306,034)	19,764,829	97,124,094	159,610,308

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

Notes:

- (a) As at 30 June 2014, the Group held overseas listed equity securities, being 6,424,686 shares or 0.38% equity interest in Adamas Finance Asia Limited (“ADAM”), for a consideration of USD2,551,113 (equivalent to approximately HK\$19,829,080). ADAM was set up with an intention to position itself to be a Chinese and Asian focused alternative investment market listed private equity investment holding group.

For the year ended 31 December 2013, the audited consolidated loss from ordinary activities attributable to owners of ADAM was approximately USD1,721,000 (equivalent to approximately HK\$13,344,524) and the basic loss per share was US1.57 cents (equivalent to approximately HK12.17 cents). At 31 December 2013, the audited consolidated net asset value attributable to owners of the ADAM was approximately USD25,475,000 (equivalent to approximately HK\$197,531,520). During the period, the Group has recognised USD96,370 (equivalent to approximately HK\$748,267) as dividend income.

- (b) As at 30 June 2014, the Group held listed equity securities, being 9,540,000 shares or 0.07% equity interest in the Asia Energy Logistics Group Limited (“Asia Energy”), for a consideration of HK\$666,830 and which is principally engaged in railway construction and operations and shipping and logistics.

For the six months ended 30 June 2014, the unaudited consolidated loss from ordinary activities attributable to owners of Asia Energy was approximately HK\$56,840,000 and the loss per share was HK0.42 cent. At 30 June 2014, its unaudited consolidated net asset value attributable to owners of Asia Energy was approximately HK\$516,367,000. No dividend was received during the period.

As at 30 June 2014, the Group held listed equity securities, being 3,946,000 shares or 0.12% equity interest in the China Fortune Financial Group Limited (“China Fortune”), for a consideration HK\$422,170 and which is principally engaged in securities, futures and insurance brokerage, margin financing, provision of corporate finance services and money lending services.



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

Notes: (continued)

(b) (continued)

For the year ended 31 March 2014, the audited consolidated loss from ordinary activities attributable to owners of China Fortune was approximately HK\$15,254,000 and the basic loss per share was HK0.46 cent. At 31 March 2014, its audited consolidated net asset value attributable to owners of China Fortune was approximately HK\$309,653,000. No dividend was received during the period.

As at 30 June 2014, the Group held listed equity securities, being 26,174,000 shares or 2.38% equity interest in the China Nuclear Industry 23 International Corporation Limited (“China Nuclear”), for a consideration of HK\$42,956,294 and which is principally engaged in restaurant operations, property investments, hotel operations and new energy operations.

For the six months ended 30 June 2014, the unaudited consolidated loss from ordinary activities attributable to owners of China Nuclear was approximately HK\$33,959,000 and the basic loss per share was HK3.10 cents. At 30 June 2014, its unaudited consolidated net asset value attributable to owners of China Nuclear was approximately HK\$414,419,000. No dividend was received during the period.

As at 30 June 2014, the Group held listed equity securities, being 11,944,000 shares or 1.44% equity interest in the Fornton Group Limited (“Fornton Group”), for a consideration of HK\$7,244,815 and which is principally engaged in manufacturing and trading of knitwear products.

For the six months ended 30 June 2014, the unaudited consolidated loss from ordinary activities attributable to owners of Fornton Group was approximately HK\$21,214,000 and the basic loss per share was HK2.40 cents. At 30 June 2014, its unaudited consolidated net asset value attributable to owners of Fornton Group was approximately HK\$250,535,000. No dividend was received during the period.

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

Notes: (continued)

(b) (continued)

As at 30 June 2014, the Group held listed equity securities, being 6,720,000 shares or 0.21% equity interest in the GCL New Energy Holdings Limited ("GCL"), for a consideration of HK\$6,706,839 and which is principally engaged in the manufacturing and selling of printed circuit boards.

For the year ended 31 March 2014, the audited consolidated loss from ordinary activities attributable to owners of GCL was HK\$181,535,384 and the basic loss per share was HK211.2 cents. At 31 March 2014, its audited consolidated net asset value attributable to owners of GCL was HK\$268,750,303. No dividend was received during the period.

As at 30 June 2014, the Group held listed equity securities, being 32,908,000 shares or 0.83% equity interest in the Hao Tian Development Group Limited ("Hao Tian"), for a consideration of HK\$9,539,660 and which is principally engaged in money lending business and trading of commodities business.

For the year ended 31 March 2014, the audited consolidated loss from ordinary activities attributable to owners of Hao Tian was approximately HK\$12,415,000 and the loss per share was HK0.31 cent. At 31 March 2014, its audited consolidated net asset value attributable to owners of Hao Tian was approximately HK\$2,548,903,000. No dividend was received during the period.

As at 30 June 2014, the Group held listed equity securities being 33,904,000 shares or 8.21% equity interest in the Value Convergence Holdings Limited ("Value Convergence") for a consideration of HK\$32,893,520 and which is principally engaged in the provision of financial services.

For the six months ended 30 June 2014, the unaudited consolidated profit from ordinary activities attributable to owners of Value Convergence was approximately HK\$3,276,000 and the basic earnings per share was HK0.79 cent. At 30 June 2014, its unaudited consolidated net asset value attributable to owners of Value Convergence was approximately HK\$507,896,000. No dividend was received during the period.

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

Notes: (continued)

- (c) The Directors conducted a review of the Group's available-for-sale financial assets during the period and determined that the fair value adjustment based on estimated recoverable amount of available-for-sale financial assets.

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	22,387	234,696

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

As at 30 June 2014 and 31 December 2013, financial assets designated as held for trading included the following investments:

Name of investee company	Place of incorporation	Number of shares held	Percentage of effective interest held	Carrying amounts HK\$	Market value HK\$	Unrealised gain/(loss) arising on revaluation HK\$	Dividend received/receivable during the period/ year HK\$
At 30 June 2014 (unaudited)							
The Hong Kong and China Gas Company Limited (note a)	Hong Kong	1,320	Less than 0.01%	22,123	22,387	264	25,160
At 31 December 2013 (audited)							
The Hong Kong and China Gas Company Limited	Hong Kong	13,200	Less than 0.01%	243,144	234,696	(8,448)	275,088

11. FINANCIAL ASSETS DESIGNATED AS HELD FOR TRADING (continued)

A brief description of the business and financial information of the listed investee company, which is extracted from its latest published interim report, is as follows:

Note:

- (a) As at 30 June 2014, the Group held listed equity securities, being 1,320 shares or less than 0.01% equity interest in The Hong Kong and China Gas Company Limited (“HK Gas”), for a consideration of HK\$22,123 and which is principally engaged in production, distribution and marketing of gas, water supply and emerging environmentally-friendly energy businesses in Hong Kong and mainland China, property development and investment activities in Hong Kong.

For the six months ended 30 June 2014, the unaudited consolidated profit from ordinary activities attributable to owners of HK Gas was approximately HK\$3,726,600,000 and the basic earnings per share was HK35.40 cents. At 30 June 2014, its unaudited consolidated net asset value attributable to owners of HK Gas was approximately HK\$50,790,100,000. During the period, the Group has recognised HK\$25,160 as dividend income.

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	49,992,304	8,426,231
	49,992,304	18,422,121

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 HK\$
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. RELATED PARTY AND CONNECTED TRANSACTIONS

During the period, the Group had the following significant related party and connected transactions:

		Unaudited six months ended 30 June	
	Note	2014 HK\$	2013 HK\$
Investment management fee paid to Asia Investment Management Limited	(i)	488,333	400,000

14. RELATED PARTY AND CONNECTED TRANSACTIONS (continued)

Note:

- (i) The investment management fee was paid under the investment management agreement entered into between the Company and Asia Investment Management Limited who acted as the investment manager of the Company since 1 February 2013. Under the relevant investment management agreement, the investment management fee payable to the investment manager was HK\$80,000 per month together with expenses reimbursement up to a maximum amount of HK\$200,000 per annum.

The investment manager is defined as a connected person of the Company pursuant to the Rule 21.13 of the Listing Rules.

Compensation of key management personnel

The remuneration of Directors during the period was as follows:

	Unaudited six months ended 30 June	
	2014 HK\$	2013 HK\$
Directors' fee	150,012	150,012
Salaries, allowances and benefits in kind	816,318	756,580
Mandatory provident fund contributions	15,500	14,000
	981,830	920,592

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

15. 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 HK\$	Audited 31 December 2013 HK\$
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.

16. GAIN ON DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2014, the Group deregistered a dormant subsidiary, Marvelous Affluence Limited, which was incorporated in British Virgin Islands. There was no gain or loss arose from the deregistration of the subsidiary.

During the six months ended 30 June 2013, the Group disposed of its 100% equity interest in Conqueringly Victory Investments Limited, which held directly 100% equity interest in Prospect King Investment Development Limited and indirectly 100% equity interest in 中投基(深圳)投資諮詢有限公司, to an independent third party for consideration of HK\$400,000.

16. GAIN ON DISPOSAL OF SUBSIDIARIES (continued)

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

	HK\$
Property, plant and equipment	2,442
Prepayments, deposits and other receivables	259,333
Cash and cash equivalents	296,834
Accruals, deposits received and other payables	(465,687)
	<hr/>
Net assets disposed of:	92,922
Release of exchange reserve	(14,814)
	<hr/>
	78,108
Total consideration	(400,000)
	<hr/>
Gain on disposal	(321,892)
	<hr/>

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

Net cash inflow arising on disposal:	
Cash consideration received	400,000
Cash and cash equivalents disposed of	(296,834)
	<hr/>
	103,166
	<hr/>

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Some of the Group's financial assets 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 market 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).

	Level 1	
	Unaudited 30 June 2014 HK\$	Audited 31 December 2013 HK\$
Available-for-sale financial assets Equity securities (note a)	101,115,109	162,692,895
Financial assets designated as held for trading Equity securities (note a)	22,387	234,696

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

Note:

- (a) The fair value of equity securities classified as Level 1 was determined by the quoted price in an active market.

Reconciliation of Level 3 fair value measurement

During the six months ended 30 June 2014, there was no reconciliation of Level 3 fair value measurement as no Level 3 financial assets or liabilities were held by the Group. The reconciliation of Level 3 fair value measurement for the year ended 31 December 2013 is as follows:

	Available-for-sale financial assets Debt securities
At 31 December 2013 (audited)	HK\$
Opening balance	5,523,640
Redeemed during the year	<u>(5,523,640)</u>
Closing balance	<u>—</u>

There were no transfers between Level 1, 2 and 3 during the period/year.

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

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

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

18. CONTINGENT LIABILITIES

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

19. 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 SHAREHOLDER

As at 30 June 2014, the following person's 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 total 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.



SUBSTANTIAL SHAREHOLDERS (continued)

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 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 of 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 (the “Code Provision”) 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.

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 report, 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.