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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)

**ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

INTERIM RESULTS

The Board (the “Board”) of Directors (the “Directors”) of China Investment Fund Company Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 (the “period”), together with comparative figures for the corresponding period in 2021.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
	Notes	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	4	149	258
Other income	5	401	171
Net realised loss on disposals of financial assets at fair value through profit or loss		–	(21,928)
Net unrealised loss on financial assets at fair value through profit or loss		<u>(211,323)</u>	<u>(52,277)</u>
		(210,773)	(73,776)
Loss on disposal of subsidiaries	19	(190)	–
Administrative expenses		(51,174)	(43,514)
Finance costs	7	<u>(10,141)</u>	<u>(10,114)</u>
Loss before tax	8	(272,278)	(127,404)
Taxation	9	<u>–</u>	<u>78,885</u>
Loss for the period attributable to owners of the Company		<u>(272,278)</u>	<u>(48,519)</u>
Loss per share	11		
– Basic (HK cents)		<u>(20.05)</u>	<u>(3.65)</u>
– Diluted (HK cents)		<u>(20.05)</u>	<u>(3.65)</u>

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

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Loss for the period attributable to owners of the Company	<u>(272,278)</u>	<u>(48,519)</u>
Other comprehensive (expense) income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(29,283)</u>	<u>7,891</u>
Other comprehensive (expense) income for the period, net of tax	<u>(29,283)</u>	<u>7,891</u>
Total comprehensive expense for the period attributable to owners of the Company	<u><u>(301,561)</u></u>	<u><u>(40,628)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment		490,921	519,703
Intangible assets		9,806	11,155
Right-of-use assets		23,776	10,408
Financial assets at fair value through profit or loss	<i>13</i>	487,126	674,085
Deferred tax assets		6,359	6,359
Deposits and prepayments	<i>12</i>	4,527	6,937
		1,022,515	1,228,647
Current assets			
Prepayments, deposits and other receivables	<i>12</i>	8,430	19,717
Financial assets at fair value through profit or loss	<i>13</i>	100,248	99,094
Bank balances and cash		143,937	111,881
		252,615	230,692
Current liabilities			
Accruals and other payables		9,661	8,390
Borrowings	<i>14</i>	117,646	118,316
Lease liabilities		12,570	8,169
		139,877	134,875
Net current assets		112,738	95,817
Total assets less current liabilities		1,135,253	1,324,464

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(CONTINUED)

At 30 June 2022

	<i>Notes</i>	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Non-current liabilities			
Borrowings	<i>14</i>	35,763	49,775
Lease liabilities		12,730	2,427
		<u>48,493</u>	<u>52,202</u>
Net assets		<u>1,086,760</u>	<u>1,272,262</u>
Capital and reserve			
Share capital	<i>15</i>	69,644	67,500
Reserves		1,017,116	1,204,762
		<u>1,086,760</u>	<u>1,272,262</u>
Total equity		<u>1,086,760</u>	<u>1,272,262</u>
Net asset value per share	<i>11</i>	<u>HK\$0.78</u>	<u>HK\$0.94</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2022 (audited)	67,500	825,688	62,468	3,590	485,318	(172,302)	1,272,262
Loss for the period	-	-	-	-	-	(272,278)	(272,278)
Other comprehensive expense:							
Exchange differences arising on translation of foreign operations	-	-	(29,283)	-	-	-	(29,283)
Total comprehensive expense for the period	-	-	(29,283)	-	-	(272,278)	(301,561)
Issue of shares by placing	1,896	113,736	-	-	-	-	115,632
Share issue expenses	-	(3,469)	-	-	-	-	(3,469)
Exercise of share options	248	4,963	-	(1,315)	-	-	3,896
At 30 June 2022 (unaudited)	<u>69,644</u>	<u>940,918</u>	<u>33,185</u>	<u>2,275</u>	<u>485,318</u>	<u>(444,580)</u>	<u>1,086,760</u>
At 1 January 2021 (audited)	66,394	803,143	43,520	9,428	524,157	(337,432)	1,109,210
Loss for the period	-	-	-	-	-	(48,519)	(48,519)
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	-	-	7,891	-	-	-	7,891
Total comprehensive expense for the period	-	-	7,891	-	-	(48,519)	(40,628)
Exercise of share options	296	5,860	-	(1,371)	-	-	4,785
At 30 June 2021 (unaudited)	<u>66,690</u>	<u>809,003</u>	<u>51,411</u>	<u>8,057</u>	<u>524,157</u>	<u>(385,951)</u>	<u>1,073,367</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL INFORMATION

The Company is incorporated in the Cayman Islands as an exempted company with limited liability and its shares have been listed on the Stock Exchange of Hong Kong Limited (“Stock Exchange”) since 2 January 2002. The address of the registered office of the Company is Unit 6602–03, Level 66, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries are investing in listed and unlisted securities.

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group for the six months ended 30 June 2022 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”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements of the Group have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s annual consolidated financial statements for the year ended 31 December 2021.

The condensed consolidated financial statements are unaudited, but have been reviewed by the Company’s audit committee (the “Audit Committee”). The condensed consolidated financial statements for the six months ended 30 June 2022 were approved and authorised for issue by the Board of Directors on 22 August 2022.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2022 are consistent with those adopted by the Group in its audited consolidated financial statements for the year ended 31 December 2021 except for the adoption of the new and amendments to Hong Kong Financial Reporting Standards (the “New and Amendments to HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA that are effective for the first time for the current period’s financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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

4. REVENUE

An analysis of the Group’s revenue for the period is as follows:

	Six months ended 30 June	
	2022	2021
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
Interest income from banks and financial institutions	<u>149</u>	<u>258</u>

5. OTHER INCOME

	Six months ended 30 June	
	2022	2021
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)
Government subsidies	269	–
Effective interest income from a rental deposit	130	122
Sundry income	2	1
Gain on early termination of a lease	–	48
	<u>401</u>	<u>171</u>

6. SEGMENT INFORMATION

For the six months ended 30 June 2022 and 2021, the Group's revenue was interest income from banks and financial institutions. The directors of the Company 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 period, analysed by geographical markets, are as follows:

	Hong Kong		PRC and other jurisdictions		Consolidated	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2022	2021	2022	2021	2022	2021
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	
Segment revenue:						
Interest income from banks and financial institutions	81	203	68	55	149	258
	Hong Kong		PRC and other jurisdictions		Consolidated	
	30 June	31 December	30 June	31 December	30 June	31 December
	2022	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	
Non-current assets*	503,532	695,912	508,097	519,439	1,011,629	1,215,351
Total assets	650,805	787,773	624,325	671,566	1,275,130	1,459,339
Total liabilities	169,486	187,048	18,884	29	188,370	187,077
Other segment information:						
Additions to property, plant and equipment	–	215	1,054	–	1,054	215
Additions to right-of-use assets	–	–	20,674	–	20,674	–

* The non-current assets information above is based on the locations of the assets and excluded deferred tax assets and deposits and prepayments.

7. FINANCE COSTS

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest expenses on:		
Interest-bearing loan notes	1,342	1,087
Interest-bearing bonds	8,069	8,328
Interest-bearing loans	–	55
Lease liabilities	730	644
	10,141	10,114

8. LOSS BEFORE TAX

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
The Group's loss before tax has been arrived at after charging (crediting) the following items:		
Directors' emoluments:		
Fees	1,710	1,710
Other emoluments	2,113	1,675
Retirement benefits scheme contributions	35	34
Staff costs:		
Basic salaries and allowances	8,678	5,639
Retirement benefits scheme contributions	229	231
Total staff costs (including directors' emoluments)	<u>12,765</u>	<u>9,289</u>
Auditor's remuneration	220	220
Depreciation of property, plant and equipment	6,472	7,160
Depreciation of right-of-use assets	6,258	5,808
Gain on early termination of a lease	–	(48)
Net foreign exchange losses	550	–
Government subsidies	(269)	–
Short-term lease payment	41	–
Effective interest income from a rental deposit	<u>(130)</u>	<u>(122)</u>

9. TAXATION

No Hong Kong Profits Tax has been provided as the Group had no assessable profits in Hong Kong for both periods. There are also no tax liabilities in other jurisdictions for both periods.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Deferred taxation		
Credit for the period	<u>–</u>	<u>78,885</u>

10. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

11. 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 approximately HK\$1,086,760,000 (31 December 2021: approximately HK\$1,272,262,000) by the number of shares in issue as at 30 June 2022, being approximately 1,392,882,000 (31 December 2021: approximately 1,350,005,000) shares.

Loss per share

The calculations of the basic and diluted loss per share are based on:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
<i>Loss:</i>		
Loss attributable to owners of the Company	<u>(272,278)</u>	<u>(48,519)</u>
	30 June	30 June
	2022	2021
	'000	'000
<i>Shares:</i>		
Weighted average number of ordinary shares for the purpose of basic loss per share calculation	1,357,718	1,330,786
Effect of dilutive potential ordinary shares – share options	<u>4,600</u>	<u>25,774</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share calculation	<u>1,362,318*</u>	<u>1,356,560*</u>

- * No adjustment has been made to the basic loss per share amount for the six months ended 30 June 2022 and 2021 because the diluted loss per share amount is decreased when taking the outstanding share options into account, so the outstanding share options had an anti-dilutive effect on the basic loss per share amount. Accordingly, the diluted loss per share is same as the basic loss per share.

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Rental and utility deposits	7,535	5,268
Due from brokers (<i>note</i>)	776	16,325
Prepayment for leasehold improvements	2,379	2,337
Other prepayments	1,613	902
Other deposits and receivables	654	1,822
	<u>12,957</u>	<u>26,654</u>
Analysed for reporting purposes as:		
Current assets	8,430	19,717
Non-current assets*	4,527	6,937
	<u>12,957</u>	<u>26,654</u>

* Non-current assets include rental and utility deposits of approximately HK\$2,148,000 (31 December 2021: HK\$4,600,000) and prepayment for leasehold improvements of approximately HK\$2,379,000 (31 December 2021: HK\$2,337,000).

Note: The balances represent the cash account balances with securities brokers that are used for trading of securities. The management of the Company monitors the credit risk of these brokers on a regular basis.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there were no recent history of default.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Equity securities listed in Hong Kong (<i>note</i>)	515,653	674,085
Equity securities listed in the PRC (<i>note</i>)	71,721	99,094
	<u>587,374</u>	<u>773,179</u>
Analysed for reporting purposes as:		
Current assets	100,248	99,094
Non-current assets	487,126	674,085
	<u>587,374</u>	<u>773,179</u>

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Note: Particulars of investments in listed equity securities held by the Group as at 30 June 2022 and 31 December 2021 disclosed pursuant to Chapter 21 of the Listing Rules are as follows:

Name of investee companies	Place of incorporation	Number of shares held	Proportion of investee's capital owned	Cost	Market value	Accumulated unrealised gain (loss) recognised	Dividend received/receivable during the period	% of gross assets of the Group	% of net assets of the Group
				HK\$'000	HK\$'000	HK\$'000	HK\$'000		
At 30 June 2022 (unaudited)									
Listed equity securities in Hong Kong									
Hua Yin International Holdings Limited	Bermuda	1,042,000,000	15.40%	79,192	474,110	394,918	-	37.18%	43.63%
New Concepts Holdings Limited	Cayman Islands	27,116,000	2.38%	7,999	13,016	5,017	-	1.02%	1.20%
JD.com, Inc.	Cayman Islands	40,250	Less than 0.01%	9,992	10,175	183	-	0.80%	0.94%
Hong Kong Exchanges and Clearing Limited	Hong Kong	20,000	Less than 0.01%	7,850	7,720	(130)	-	0.61%	0.71%
Tencent Holdings Limited	Cayman Islands	30,000	Less than 0.01%	11,442	10,632	(810)	-	0.83%	0.98%
				<u>116,475</u>	<u>515,653</u>	<u>399,178</u>			
Listed equity securities in the PRC									
Irico Display Devices Co., Ltd.	PRC	100,000	Less than 0.01%	962	548	(414)	-	0.04%	0.05%
Tianma Bearing Group Co., Ltd.	PRC	28,000,000	2.31%	73,748	71,173	(2,575)	-	5.58%	6.55%
				<u>74,710</u>	<u>71,721</u>	<u>(2,989)</u>			
				<u>191,185</u>	<u>587,374</u>	<u>396,189</u>			
At 31 December 2021 (audited)									
Listed equity securities in Hong Kong									
Hua Yin International Holdings Limited	Bermuda	1,042,000,000	15.40%	79,192	656,460	577,268	-	44.98%	51.60%
New Concepts Holdings Limited	Cayman Islands	27,116,000	2.85%	7,999	17,625	9,626	-	1.21%	1.39%
				<u>87,191</u>	<u>674,085</u>	<u>586,894</u>			
Listed equity securities in the PRC									
Irico Display Devices Co., Ltd.	PRC	100,000	Less than 0.01%	1,007	837	(170)	-	0.06%	0.07%
Tianma Bearing Group Co., Ltd.	PRC	28,000,000	2.32%	77,250	98,257	21,007	-	6.73%	7.72%
				<u>78,257</u>	<u>99,094</u>	<u>20,837</u>			
				<u>165,448</u>	<u>773,179</u>	<u>607,731</u>			

14. BORROWINGS

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Interest-bearing loan notes, unsecured	32,461	32,442
Interest-bearing bonds, unsecured	120,948	135,649
	<u>153,409</u>	<u>168,091</u>
Analysed for reporting purposes as:		
Current liabilities	117,646	118,316
Non-current liabilities	35,763	49,775
	<u>153,409</u>	<u>168,091</u>

15. SHARE CAPITAL

	Number of ordinary shares of HK\$0.05 each '000	Nominal value HK\$'000
Authorised:		
At 1 January 2021, 31 December 2021 and 30 June 2022	<u>4,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 1 January 2021	1,327,874	66,394
Exercise of share options (<i>Note a</i>)	22,131	1,106
	<u>1,350,005</u>	<u>67,500</u>
At 31 December 2021 and 1 January 2022	1,350,005	67,500
Issue of shares by placing (<i>Note b</i>)	37,912	1,896
Exercise of share options (<i>Note c</i>)	4,965	248
	<u>1,392,882</u>	<u>69,644</u>
At 30 June 2022	<u>1,392,882</u>	<u>69,644</u>

15. SHARE CAPITAL (CONTINUED)

Notes:

- (a) During the year ended 31 December 2021, 864,597 share options and 21,266,000 share options were exercised at the subscription price of HK\$0.729 per share and HK\$0.808 per share respectively, and a total of 22,130,597 ordinary shares were issued, giving gross proceeds in a total of approximately HK\$17,813,000.
- (b) On 2 June 2022, 37,912,000 ordinary shares were issued by the Company pursuant to a placing agreement dated 16 May 2022 at a subscription price of HK\$3.05 per share, giving gross proceeds of approximately HK\$115,632,000.
- (c) During the six months ended 30 June 2022, 1,465,193 share options and 3,500,000 share options were exercised at the subscription price of HK\$0.729 per share and HK\$0.808 per share respectively, and a total of 4,965,193 ordinary shares were issued, giving gross proceeds in a total of approximately HK\$3,896,000.

16. RELATED PARTY AND CONNECTED TRANSACTIONS

(a) Compensation of key management personnel

The remuneration of key management personnel during the period was as follows:

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Fee	1,710	1,710
Salaries, allowances and other benefits	2,113	1,675
Retirement benefits scheme contributions	35	34
	<u>3,858</u>	<u>3,419</u>

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

(b) Related party transactions

The Group had the following transaction with related party during the period.

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Paid to related party:		
Donation	<u>–</u>	<u>300</u>

16. RELATED PARTY AND CONNECTED TRANSACTIONS (CONTINUED)

(c) Investment management fee

On 4 July 2021, the Company and Tianhe Quant Asset Management Limited (“Tianhe”), a wholly-owned subsidiary of the Company, entered into an investment management agreement pursuant to which Tianhe shall act as the investment manager of the Company for the period up to 4 July 2023. Under the investment management agreement, the investment management fee payable to the investment manager was HK\$220,000 per month together with expenses reimbursement up to a maximum amount of HK\$1,390,000, HK\$2,840,000 and HK\$1,450,000 respectively for each of the years ending 31 December 2021, 2022 and 2023. The investment manager is defined as a connected person of the Company pursuant to the Rule 21.13 of the Listing Rules. As Tianhe (the investment manager) is a wholly-owned subsidiary of the Company, the transaction with Tianhe is eliminated on consolidation and will not be considered a connected transaction under the Listing Rules.

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Financial instruments measured at fair value on a recurring basis

Some of the Group’s financial assets and liabilities 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 an 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 <i>HK\$'000</i>	Level 2 <i>HK\$'000</i>	Level 3 <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 30 June 2022 (unaudited)				
Financial assets at FVTPL (note)				
– Listed equity securities	<u>587,374</u>	<u>–</u>	<u>–</u>	<u>587,374</u>
At 31 December 2021 (audited)				
Financial assets at FVTPL (note)				
– Listed equity securities	<u>773,179</u>	<u>–</u>	<u>–</u>	<u>773,179</u>

Note:

The fair value of listed equity securities classified as Level 1 is determined by the closing price quoted in active markets.

18. CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities (31 December 2021: Nil).

19. LOSS ON DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2022, the Group disposed of its entire equity interests in 5 subsidiaries to an independent third party for an aggregate consideration of HK\$50,000, resulting in a loss on disposal of HK\$190,000.

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

	<i>HK\$'000</i>
Intangible asset	240
Net assets disposed of	240
Total consideration	(50)
Loss on disposal	<u>190</u>

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

	<i>HK\$'000</i>
Net cash inflow arising on disposal:	
Cash consideration received	50
Cash and cash equivalents disposed of	—
	<u>50</u>

During the six months ended 30 June 2021, no subsidiaries were disposed by the Group.

20. CAPITAL COMMITMENTS

	30 June 2022 <i>HK\$'000</i> (unaudited)	31 December 2021 <i>HK\$'000</i> (audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	<u>16,773</u>	<u>17,724</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

During the period, the Group reported a loss of approximately HK\$272.3 million (six months ended 30 June 2021: HK\$48.5 million). The loss for the period increased by HK\$223,759,000 or 461.2% as compared with corresponding period in 2021, and this was primarily due to (i) an increase of net unrealised loss on financial assets at fair value through profit or loss (“FVTPL”) by HK\$159,046,000 from HK\$52,277,000 to HK\$211,323,000; (ii) no deferred taxation credit for the period recognised (six months ended 30 June 2021: HK\$78,885,000); and (iii) an increase of administrative expenses of approximately HK\$7,660,000 as compared to the corresponding period in 2021.

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 interests of our shareholders.

Investment in listed securities

As at 30 June 2022, the Group held listed securities classified under financial assets at FVTPL of HK\$587,374,000 (31 December 2021: HK\$773,179,000).

INVESTMENT PORTFOLIO

We divide our strategy into two major categories, namely long-term holding securities investment and short-term trading of equity securities. The main sectors of our current investments as at 30 June 2022 were property development and management, e-commerce business, construction works and environmental protection and investment in innovation and technology.

Significant Investments

As at 30 June 2022, the Group’s securities investments in an entity with a value which exceeds 5% of the Group’s total assets are investments in Hua Yin International Holdings Limited and Tianma Bearing Group Co., Ltd.

Details of above investments are disclosed in note 13 to this announcement.

The Group has established risk management procedures that enable it to identify, measure, monitor and control various types of risk it faces. The management will closely monitor the Group’s investment portfolio.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had bank balances and cash of approximately HK\$143,937,000 as at 30 June 2022 (31 December 2021: approximately HK\$111,881,000) representing 11.3% (31 December 2021: 7.7%) of the Group's total assets. As at 30 June 2022, the Group had long-term debts which are unsecured interest-bearing loan notes and unsecured interest-bearing bonds in total amount of approximately HK\$35,763,000 (31 December 2021: approximately HK\$49,775,000). Apart from the long-term debts, the Group had short-term debts consisting of unsecured interest-bearing loan notes of approximately HK\$19,972,000 (31 December 2021: Nil) and unsecured interest-bearing bonds of approximately HK\$97,674,000 (31 December 2021: approximately HK\$118,316,000).

As at 30 June 2022, the Group's gearing ratio, being the total debts (total borrowings) divided by total equity, was 14.1% (31 December 2021: 13.2%).

FOREIGN CURRENCY EXPOSURE

Most of the business transactions of the Group are denominated in Hong Kong dollars and Renminbi ("RMB"). The Group closely monitors the fluctuation in these currencies and take actions as appropriate. As at 30 June 2022, the Group did not engage in currency hedging. During the period, the Group had major financial assets of HK\$118,048,000 (31 December 2021: HK\$174,390,000) which was denominated in RMB. 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 arises.

CAPITAL STRUCTURE

During the six months ended 30 June 2022, 1,465,193 share options and 3,500,000 share options were exercised at the subscription price of HK\$0.729 per share and HK\$0.808 per share respectively, and a total of 4,965,193 ordinary shares were issued, giving gross proceeds of approximately HK\$3,896,000.

On 2 June 2022, 37,912,000 ordinary shares were issued by the Company as a result of a placing agreement dated 16 May 2022. Shares were issued at a price of HK\$3.05 giving the gross proceeds of approximately HK\$115,632,000. Up to 30 June 2022, the Company used HK\$29.3 million (or 25.3% of the gross proceeds) to invest in listed securities (namely, listed equity securities in JD.com, Inc. (HK\$10 million), Tencent Holdings Limited (HK\$11.5 million) and Hong Kong Exchanges and Clearing Limited (HK\$7.8 million). Moreover, the Company used HK\$9.6 million (or 8.3% of the gross proceeds) for general working capital purposes.

CAPITAL COMMITMENTS

As at 30 June 2022, the Group had capital commitments in respect of property, plant and equipment which is contracted for but not provided for of approximately HK\$16,773,000 (31 December 2021: HK\$17,724,000).

Except for above, there were no other commitment as at 30 June 2022 and 31 December 2021.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities (31 December 2021: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 30 June 2022, the Group had 32 employees and 8 Directors. The Group's remuneration policies are in line with prevailing market practice and are determined on the basis of the performance and experience of individual employees.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the period, there was no material acquisition or disposal of subsidiaries by the Group.

INTERIM DIVIDEND

The Board did not recommend the payment of any interim dividend for the period.

PROSPECT

COVID-19 is still not over yet but many countries have relaxed epidemic prevention measures, as the perception of the health risk of the virus has reduced, particularly for vaccinated populations. The global economy has started to recover with trade and investment reaching higher levels in 2021 than prior to the pandemic. However, geopolitical tensions between major nuclear powers have escalated dramatically, which could have a serious impact on the world economy. The war in Ukraine has been lasting for 6 months and a peaceful resolution is not foreseeable in the near future. Increasing fuel and food prices have caused higher inflation around the world. Tensions, already very high between the United State of America ("US") and China over Taiwan, were exacerbated by House Speaker Nancy Pelosi's visit to Taiwan. Although a military conflict over the issue is unlikely in short term, the tense relationship between the US and China over Taiwan will be the main risk for Asia in the year ahead. Under such highly uncertain investment environment, the Directors will take prudent strategies to manage our portfolio.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests and short positions of each Director and the chief executives of the Company in the shares and the underlying shares of the Company and any associated corporations (as defined in Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(i) Long positions in shares as at 30 June 2022

Name of Director	Capacity	Notes	Number of shares	Approximate percentage of shareholding
Ma Xiaoqiu ("Ms. Ma")	Beneficial owner		10,520,000	0.76%
Ms. Ma	Interest of controlled corporation	(1)	198,030,400	14.22%
Wang Mengtao ("Mr. Wang")	Beneficial owner		2,000,000	0.14%
Leung Ka Fai ("Mr. Leung")	Beneficial owner		1,500,000	0.11%

(ii) Long positions in underlying shares as at 30 June 2022

Name of Director	Capacity	Notes	Number of underlying shares	Approximate percentage of shareholding
Mr. Wang	Beneficial owner	(2)	600,000	0.04%
Mr. Leung	Beneficial owner	(2)	1,500,000	0.11%
Jing Siyuan	Beneficial owner	(2)	800,000	0.06%
Ms. Ma	Beneficial owner	(3)	1,200,000	0.09%

Notes:

- (1) These shares are held by HK DYF Int'l Holding Group Limited, which is held as to 100% by DingYiFeng International Holding Limited which is in turn held as to 50% by Ms. Ma. Ms. Ma is deemed to be interested in these shares by virtue of the SFO.
- (2) These share options are at an exercise price of HK\$0.808 per share of the Company with exercise period from 16 November 2016 to 15 November 2026.
- (3) These share options are at an exercise price of HK\$2.25 per shares of the Company with exercise period from 30 August 2017 to 29 August 2027.

Save as disclosed above, at 30 June 2022, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be maintained under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDER

As at 30 June 2022, the following person's interest in 5% or more in the shares and underlying shares of the Company have been notified to the Company or recorded in the register of interest in shares and short positions required to be kept under Section 336 of the SFO:

Name	Number of Shares	Type of interest	Approximate percentage of total issued share capital of the Company
HK DYF Int'l Holding Group Limited	198,030,400	Beneficial owner	14.22%
DingYiFeng International Holding Limited (<i>Note 1</i>)	198,030,400	Interest of controlled corporation	14.22%
Ms. Ma	209,750,400 (<i>Note 2</i>)	Beneficial owner and interest of controlled corporation	15.06%
Sui Guangyi ("Mr. Sui")	347,612,800 (<i>Note 3</i>)	Beneficial owner and interest of controlled corporation	24.96%

Note 1: DingYiFeng International Holding Limited is deemed to be interested in 198,030,400 shares through its controlled corporation, HK DYF Int'l Holding Group Limited.

Note 2: Of these shares, (i) 198,030,400 shares are held by HK DYF Int'l Holding Group Limited, which is held as to 100% by DingYiFeng International Holding Limited, which in turn held as to 50% by Ms. Ma. Ms. Ma is deemed to be interested in these shares by virtue of the SFO; (ii) 10,520,000 shares are held by Ms. Ma; and (iii) 1,200,000 are underlying shares which Ms. Ma is entitled to subscribe for at an exercise price of HK\$2.25 per share via options granted under the Company's share option scheme with exercise period from 30 August 2017 to 29 August 2027.

Note 3: Of these shares, 198,030,400 shares are held by HK DYF Int'l Holding Group Limited, which is held as to 100% by DingYiFeng International Holding Limited, which is in turn held as to 50% by Mr. Sui. Mr. Sui is deemed to be interested in these shares by virtue of the SFO.

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 Part XV of the SFO), or is directly 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 Listing Rules).

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

During the period, 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 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 period.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 June 2022, 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, except for the deviation set out as below.

Code Provision E.1.2 stipulates that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board had not attended the annual general meeting of the Company held on 28 June 2022. The Chairman of the Board will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent her from doing so.

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 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 and unaudited condensed consolidated financial statements of the Group for the period have been reviewed by the Audit Committee and approved by the Board on 22 August 2022.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on both 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 2022 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, 22 August 2022

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 Ms. Ma Xiaoqiu, 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.