

The Directors present their first report and the audited financial statements of the Company for the period from 18th September, 2001 (date of incorporation) to 31st December, 2001.

CHANGE OF NAME

Pursuant to a special resolution in writing passed on 30th November, 2001, the name of the Company was changed from China Investment Fund Company Limited 中國投資基金有限公司 to China Investment Fund Company Limited with effect from 8th March, 2002.

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG

The Company was incorporated on 18th September, 2001 as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands.

The Company was established in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange. Details of the placing and new issue of the Company's shares are set out in the prospectus dated 18th December, 2001. The shares of the Company have been listed on the Stock Exchange with effect from 2nd January, 2002.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment in listed and unlisted companies in the PRC and Hong Kong. The Company had not commenced operation or business during the period.

RESULTS

The results of the Company for the period from 18th September, 2001 (date of incorporation) to 31st December, 2001 are set out in the financial statements on page 17.

SHARE CAPITAL

Details of movements during the period in the share capital of the Company are set out in note 6 to the financial statements.

RESERVES

Details of movements during the period in the reserves of the Company are set out in note 8 to the financial statements.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands, share premium of the Company is available for paying distributions or dividends to the shareholders subject to the provisions of its Memorandum and Articles of Association and a statutory solvency test. In accordance with Article 143 of the Company's Articles of Association, dividends may be declared and paid out of the profits of the Company or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared or paid out of share premium account. The Company's reserves available for distribution amounted to approximately HK\$9,491,000 as at 31st December, 2001.

DIRECTORS

The Directors of the Company during the period from 18th September, 2001 (date of incorporation) to 31st December, 2001 and up to the date of this report were as follows:

Nominated by subscriber on 18th September, 2001

Neil T. Cox (resigned on 28th September, 2001)

Executive Directors

Mr. Hung Fung, Terry (Chairman) (appointed on 28th September, 2001)
Mr. Wan Chuen Hing, Alexander (appointed on 30th November, 2001)
Ms. Lin Wai Yan, Monica (appointed on 30th November, 2001)
Mr. Chiu Sui Keung (appointed on 23rd October, 2001 and resigned on 9th November, 2001)

Non-executive Directors

Mr. Liu Min (appointed as alternate Director to Mr. Hung Fung, Terry on 28th September, 2001 and resigned on 23rd October, 2001 and reappointed on 23rd October, 2001)
Ms. Liu Yuan (appointed on 23rd October, 2001)

Independent Non-executive Directors

Dr. Koo Ming Yan, Charles (appointed on 23rd October, 2001)
Mr. Lok Shing Kwan, Sunny (appointed on 23rd October, 2001)

In accordance with Article 87(3) of the Company's Articles of Association, all the Directors shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Each of the executive Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

The term of office of each non-executive Directors is the period up to his retirement by rotation and re-election at the annual general meeting in accordance with the Company's Articles of Association.

DIRECTORS' INTERESTS IN SHARES

The Company became a listed company on 2nd January, 2002. The beneficial interests of the Directors and their associates in the share capital of the Company at that date, as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") were as follows:

Name of Directors	Number of shares beneficially held for personal interests	Shareholdings
Mr. Hung Fung, Terry	16,000,000	20%
Mr. Liu Min	2,000,000	2.5%

Other than as disclosed above, none of the Directors nor their associates, had any interests in any securities of the Company as defined in the SDI Ordinance.

SHARE OPTIONS

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 3rd December, 2001. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives and/or rewards for their contribution and support to the Company. Under the Share Option Scheme, the Board of Directors of the Company may grant options to eligible employees and executives, including all the Directors of the Company and any substantial shareholders as defined in the Listing Rules to subscribe for shares in the Company.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual is not permitted to exceed 1% of the shares of the Company in issue during the twelve-month period before the date of grant, without prior approval from the Company's shareholders.

SHARE OPTIONS *(continued)*

HK\$1 per option is payable on the acceptance of an option offer. Options may be exercised in accordance with the terms of the Share Option Scheme at any time during the five-year period commencing on the date upon which the option is accepted by the grantee and expiring on the last day of the five-year period or the expiry of the tenth anniversary of the Share Option Scheme, whichever is the earlier.

The exercise price is determined by the Board of Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of a share.

The Share Option Scheme will remain in force for a period of 10 years commencing on 3rd December, 2001.

As at the date of this report, no option had been granted or agreed to be granted under the Share Option Scheme.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme described above, at no time during the period was the Company a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and neither the Directors nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

CONNECTED TRANSACTIONS AND DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There are no transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules and no contract of significance, to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

SUBSTANTIAL SHAREHOLDERS

The Company became a listed company on 2nd January, 2002. The register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance discloses that the following shareholder, being the executive Director of the Company, is having an interest of 10% or more of the issued share capital of the Company as at 2nd January, 2002.

Name	Number of Shares	% of issued shares
Mr. Hung Fung, Terry	16,000,000	20%

Other than as disclosed above, the Company has not been notified of any other interests representing 10% or more of the Company's issued share capital as at 2nd January, 2002.

POST BALANCE SHEET EVENT

Particulars of a significant post balance sheet event of the Company are set out in note 11 to the financial statements.

CODE OF BEST PRACTICE

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules since the listing of its shares on 2nd January, 2002.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to shareholders.

AUDITORS

Messrs. Deloitte Touche Tohmatsu have acted as auditors of the Company since its incorporation on 18th September, 2001. A resolution will be submitted to the annual general meeting of the Company to re-appoint them.

On behalf of the Board

Hung Fung, Terry

Chairman

Hong Kong, 24th April, 2002