

The Directors present their annual report and the audited financial statements for the year ended 31st December, 2002.

### **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 of Hong Kong Limited (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 People's Republic of China and Hong Kong. The subsidiaries of the Company set out in note 11 to the financial statements have not commenced business.

### **RESULTS**

The results of the Group for the year ended 31st December, 2002 are set out in the consolidated income statement on page 16.

### **PROPERTY AND EQUIPMENT**

Details of movements during the year in the property and equipment of the Company are set out in note 10 to the financial statements.

### **SHARE CAPITAL**

Details of movements during the year in the share capital of the Company are set out in note 16 to the financial statements. During the year, the Company allotted and issued 60,000,000 ordinary shares of HK\$0.01 each for a consideration of HK\$0.5 per share. The new shares rank pari passu with the existing shares in all respects.

During the period from the Company's listing date to 31st December, 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## DIRECTORS' REPORT

### 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\$29,275,000 as at 31st December, 2002.

### DIRECTORS

The Directors of the Company during the year and up to the date of this report were as follows:

#### Executive Directors

Mr. Yu Yi Ping, Wallace ( <i>Managing Director</i> )	(appointed as Executive Director on 1st November, 2002 and designated as Managing Director on 24th January, 2003)
Mr. Wan Chuen Hing, Alexander	
Mr. Liu Min	(appointed on 3rd December, 2002)
Mr. Hung Fung, Terry ( <i>Chairman</i> )	(vacated on 16th December, 2002)
Ms. Lin Wai Yan, Monica	(resigned on 1st January, 2003)

#### Non-executive Directors

Ms. Liu Yuan	
Mr. Wang Qiang	(appointed on 10th December, 2002)
Mr. Liu Min	(resigned on 3rd December, 2002)

#### Independent Non-executive Directors

Dr. Koo Ming Yan, Charles	
Mr. Lok Shing Kwan, Sunny	
Mr. Liu Xiao Kang	(appointed on 10th December, 2002)

In accordance with Article 87(3) of the Company's Articles of Association, Messrs. Yu Yi Ping, Wallace, Liu Min, Wang Qiang and Liu Xiao Kang shall hold office only until the forthcoming annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 88(1) of the Company's Articles of Association, Ms. Liu Yuan shall hold office only until the forthcoming 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 Director 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**

At 31st December, 2002, the interests of the Directors and their associates in the share capital of the Company, 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:

<b>Name of Directors</b>	<b>Number of shares beneficially held for personal interests</b>	<b>Shareholdings</b>
Mr. Yu Yi Ping, Wallace	2,556,000	3.195%
Mr. Wang Qiang	2,000,000	2.5%
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**

Particulars of the Company's share option scheme are set out in note 18 to the financial statements. No option has been granted or agreed to be granted under the share option scheme from the date of adoption of the scheme.

**DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES**

Other than the share option scheme as disclosed in note 18 to the financial statements, at no time during the year 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.

## DIRECTORS' REPORT

### 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 year or at any time during the year.

### SUBSTANTIAL SHAREHOLDERS

At 31st December, 2002, the register of substantial shareholders maintained by the Company under Section 16(1) of the SDI Ordinance showed that the following shareholder of the Company is having an interest of 10% or more of the issued share capital of the Company.

<b>Name</b>	<b>Number of Shares</b>	<b>% of issued shares</b>
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 31st December, 2002.

### CORPORATE GOVERNANCE

The Company has complied in the period from its listing date to 31st December, 2002 with the Code of Best Practice as set out in Appendix 14 of the Listing Rules.

### 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 existing shareholders.

### AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

**Yu Yi Ping, Wallace**

*Managing Director*

Hong Kong, 2nd April, 2003