



China Investment Fund Company Limited

中國投資基金有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 00612



INTERIM
REPORT
2010

INTERIM RESULTS

The Board (the “Board”) of Directors (the “Directors”) of China Investment Fund Company Limited (the “Company”) is pleased to present the unaudited Interim Report and unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30th June, 2010. The unaudited condensed consolidated interim financial statements (the “Interim Financial Statements”) have been reviewed by the Company’s auditors and the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2010

		Unaudited six months ended 30th June,	
		2010	2009
		HK\$	HK\$
	Notes		
Revenue	3	651,858	861,176
Net realised loss on disposal of available-for-sale financial assets		–	(5,516,720)
Net realised (loss) gain on disposal of financial assets designated as held for trading		(60,080)	8,497,406
Net unrealised gain on financial assets designated as held for trading		208,800	10,821,922
		800,578	14,663,784
Other income		2,597,030	–
Administrative expenses		(4,986,754)	(3,012,433)
Finance cost	5	–	(105,566)
(Loss) profit before taxation	6	(1,589,146)	11,545,785
Taxation	7	–	–
(Loss) profit attributable to shareholders		(1,589,146)	11,545,785
Dividend	8	–	–
Earnings per share			
Basic (loss) earnings per share	9	(0.15) cents	1.07 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June, 2010

	Unaudited six months ended 30th June,	
	2010 HK\$	2009 HK\$
(Loss) profit attributable to shareholders	(1,589,146)	11,545,785
Other comprehensive income:		
Exchange gain on translating available-for-sale financial assets	35,305	562,506
Net gain (loss) arising on revaluation of available-for-sale financial assets during the period	11,659,010	(1,410,520)
Transfer to income statement for disposal of available-for-sale financial assets	–	5,516,720
Other comprehensive income for the period	11,694,315	4,668,706
Total comprehensive income attributable to shareholders	10,105,169	16,214,491

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June, 2010

	Notes	Unaudited 30th June, 2010 HK\$	Audited 31st December, 2009 HK\$
Non-current assets			
Property, plant and equipment	10	697,339	715,937
Prepaid lease payments – long-term portion		3,101,431	3,144,506
Available-for-sale financial assets	11	76,045,418	44,917,103
		79,844,188	48,777,546
Current assets			
Prepaid lease payments – current portion		86,151	86,151
Prepayments, deposits and other receivables		10,222,987	19,962,367
Financial assets designated as held for trading	12	14,047,500	14,810,700
Cash and cash equivalents	13	31,645,754	44,602,638
		56,002,392	79,461,856
Current liability			
Accruals, deposit received and other payables		989,508	3,487,499
Net current assets		55,012,884	75,974,357
Net assets		134,857,072	124,751,903
Capital and reserves			
Share capital	14	10,952,000	10,952,000
Reserves		123,905,072	113,799,903
Total equity		134,857,072	124,751,903
Net asset value per share	15	0.12	0.11

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2010

	Share capital HK\$	Share premium HK\$	Other reserve HK\$	Exchange reserve HK\$	Investment revaluation reserve HK\$	Accumulated losses HK\$	Total HK\$
(Unaudited)							
At 1st January, 2010	10,952,000	129,371,525	-	1,053,783	12,008,584	(28,633,989)	124,751,903
Other comprehensive income	-	-	-	35,305	11,659,010	-	11,694,315
Loss for the period	-	-	-	-	-	(1,589,146)	(1,589,146)
At 30th June, 2010	10,952,000	129,371,525	-	1,089,088	23,667,594	(30,223,135)	134,857,072
(Unaudited)							
At 1st January, 2009	10,752,000	127,451,525	2,451,200	-	(3,711,302)	(46,577,593)	90,365,830
Other comprehensive income	-	-	-	562,506	4,106,200	-	4,668,706
Equity-settled arrangements	-	-	1,000,000	-	-	-	1,000,000
Profit for the period	-	-	-	-	-	11,545,785	11,545,785
At 30th June, 2009	10,752,000	127,451,525	3,451,200	562,506	394,898	(35,031,808)	107,580,321

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June, 2010

	Unaudited six months ended 30th June,	
	2010 HK\$	2009 HK\$
Net cash used in operating activities	(4,374,804)	(1,780,055)
Net cash used in investing activities	(8,582,080)	–
Net cash used in financing activities	–	(6,801,250)
Net decrease in cash and cash equivalents	(12,956,884)	(8,581,305)
Cash and cash equivalents at 1st January	44,602,638	34,121,705
Cash and cash equivalents at 30th June	31,645,754	25,540,400
Analysis of the balances of cash and cash equivalents		
Cash and cash equivalents, being		
Bank balances and cash	31,645,754	25,540,400

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30th June, 2010

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The accounting policies and basis of preparation used in the preparation of unaudited condensed consolidated interim financial statements are consistent with those used in the Group’s annual financial statements for the year ended 31st December, 2009.

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The condensed consolidated interim financial statements have not been audited by the Company’s auditors, but have been reviewed by the Company’s auditors and the audit committee.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The accounting policies and method of computation used in preparing the unaudited consolidated interim financial statements are consistent with those used in the audited financial statements for the year ended 31st December, 2009 except as described below.

For the current interim period, the Group has applied the following new standards, amendments and interpretations (the “new HKFRSs”) issued by HKICPA, which are or have become effective. The adoption of the new HKFRSs has no material effects on how the results and financial position for the current or prior accounting periods are prepared and presented.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1st January, 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1st January, 2010.

As there was no transaction during the current interim period in which HKFRS 3 (Revised) and HKAS 27 (Revised) are applicable, the application of HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

The adoption of the new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010 ¹
HKAS 24 (Revised)	Related Party Disclosures ⁴
HKAS 32 (Amendment)	Classification of Rights Issues ²
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters ³
HKFRS 9	Financial Instruments (relating to the classification and measurement of financial assets) ⁵
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ⁴
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ³

¹ Effective for annual periods beginning on or after 1st July, 2010 and 1st January, 2011, as appropriate

² Effective for annual periods beginning on or after 1st February, 2010

³ Effective for annual periods beginning on or after 1st July, 2010

⁴ Effective for annual periods beginning on or after 1st January, 2011

⁵ Effective for annual periods beginning on or after 1st January, 2013

HKFRS 9 Financial Instruments introduces new requirements for the classification and measurement of financial assets and will be effective from 1st January, 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of the HKAS 39 Financial Instruments: Recognition and Measurement to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application for HKFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application for the other new and revised Standards, Amendments and Interpretations will have no material impact on the financial performance and financial position of the Group.

3. REVENUE

	Unaudited six months ended 30th June,	
	2010	2009
	HK\$	HK\$
The analysis of revenue for the period is as follows:		
Interest income from		
– Deposits in financial institutions	2,298	13,788
– Available-for-sale financial assets	261,913	352,219
Dividend income from		
– Available-for-sale financial assets	302,961	410,872
– Financial assets designated as held for trading	84,686	84,297
	651,858	861,176

4. SEGMENT INFORMATION

During the period ended 30th June, 2010 and the year ended 31st December, 2009, the Group's revenue were mainly derived from the interest income and dividend income from investment holding. 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 the period analysed by geographical market, are as follows:

	Hong Kong		Others		Consolidated	
	30th June, 2010 HK\$	31st December, 2009 HK\$	30th June, 2010 HK\$	31st December, 2009 HK\$	30th June, 2010 HK\$	31st December, 2009 HK\$
Segment revenue:						
Interest income from bank deposits	2,298	16,705	-	-	2,298	16,705
Interest income from available-for-sale financial assets	-	178,831	261,913	609,899	261,913	788,730
Dividend received	387,647	9,873,628	-	-	387,647	9,873,628
	389,945	10,069,164	261,913	609,899	651,858	10,679,063
Segment assets	109,233,910	120,855,162	26,612,670	7,384,240	135,846,580	128,239,402
Unallocated assets					-	-
Total assets					135,846,580	128,239,402
Total liabilities					989,508	3,487,499

5. FINANCE COST

	Unaudited six months ended 30th June,	
	2010 HK\$	2009 HK\$
Interest on borrowings wholly repayable within one year	–	105,566

6. (LOSS) PROFIT BEFORE TAXATION

	Unaudited six months ended 30th June,	
	2010 HK\$	2009 HK\$
(Loss) profit before taxation has been arrived at after charging:		
Investment management fee	900,000	390,000
Depreciation on property, plant and equipment	61,673	61,672
Operating lease rentals in respect of rented premises	1,080,000	480,000
Consultancy fee	240,000	–
Directors' remuneration	772,250	1,170,000
Contributions to mandatory provident fund scheme for Directors	9,000	12,000

7. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit for the period (2009: Nil).

8. DIVIDEND

The Board of Directors resolved not to pay an interim dividend for the period (six months ended 30th June, 2009: nil).

9. BASIC (LOSS) EARNINGS PER SHARE

The calculation of basic (loss) earnings per share for the period is based on the net loss for the period of HK\$1,589,146 (net profit for the six months period ended 30th June, 2009: HK\$11,545,785) and on the weighted average number of 1,095,200,000 (six months ended 30th June, 2009: 1,075,200,000) ordinary shares during the period. No diluted loss per share is presented since the Company has no dilutive potential ordinary shares in current period presented.

10. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30th June, 2010, no additions on property, plant and equipment.

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited 30th June, 2010 HK\$	Audited 31st December, 2009 HK\$
Overseas convertible debentures, at cost	7,412,670	7,384,240
Fair value changes	–	–
	7,412,670	7,384,240
Unlisted equity securities, at cost	29,564,754	10,123,879
Fair value changes	(587,206)	(553,016)
	28,977,548	9,570,863
Equity securities listed in Hong Kong, at cost	15,400,400	15,400,400
Fair value changes	24,254,800	12,561,600
	39,655,200	27,962,000
Total	76,045,418	44,917,103

12. FINANCIAL ASSETS DESIGNATED AS HELD FOR TRADING

	Unaudited 30th June, 2010 HK\$	Audited 31st December, 2009 HK\$
Held for trading: Equity securities listed in Hong Kong, at market value	14,047,500	14,810,700

13. CASH AND CASH EQUIVALENTS

	Unaudited 30th June, 2010 HK\$	Audited 31st December, 2009 HK\$
Deposits with bank and other financial institutions	–	10,519
Cash at bank and in hand	31,645,754	44,592,119
	31,645,754	44,602,638

Included in cash and cash equivalents in the consolidated statement of financial position are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	Unaudited 30th June, 2010	Audited 31st December, 2009
EUR Dollars	EUR945	EUR945
US Dollars	USD1,101,742	USD1,134,387
CAD Dollars	–	CAD496,542
RMB Dollars	RMB57	–

14. SHARE CAPITAL

Authorised:	Number of ordinary shares of HK\$0.01 each	HK\$
At 31st December, 2009 and 1st January, 2010	1,500,000,000	15,000,000
Increase by creation of additional 1,500,000,000 shares of HK\$0.01 each	1,500,000,000	15,000,000
At 30th June, 2010	3,000,000,000	30,000,000
Issued and fully paid:		
At 31st December, 2009 and 30th June, 2010	1,095,200,000	10,952,000

15. NET ASSET VALUE PER SHARE

Net asset value per share is computed based on the net assets of HK\$134,857,072 (31st December, 2009: HK\$124,751,903) and the number of issued and fully paid up shares 1,095,200,000 (31st December, 2009: 1,095,200,000) as at 30th June, 2010.

16. RELATED PARTY AND CONNECTED TRANSACTIONS

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

		Unaudited six months ended 30th June,	
Notes		2010 HK\$	2009 HK\$
Investment management fees paid to Baron Asset Management Limited	(i)	900,000	390,000
Rental expenses paid to Baron Asia Limited	(ii)	1,080,000	80,000
Baron International Consulting Services Limited		–	400,000
Consultancy fee paid to Wan Ho Yan, Letty	(iii)	240,000	–
Acquisition of available-for-sale financial assets from Baron Natural Resources Holdings Limited	(iv)	19,200,000	–

Notes:

- (i) Pursuant to the investment management agreement entered into between Baron Asset Management Limited and the Company dated 21st December, 2009. Baron Asset Management Limited was appointed as the investment manager of the Company with the management fee of HK\$150,000 per month. The Company agreed to pay the amount not exceeding HK\$1,800,000 from 1st January, 2010 to 31st December, 2010 and HK\$900,000 from 1st January, 2011 to 30th June, 2011.
- (ii) Pursuant to a tenancy agreement signed on 1st June, 2009 between the Company and Baron Asia Limited, Baron Asia Limited has leased office premises to the Company commencing on 1st June, 2009 for a monthly rental of HK\$80,000. The term is lasted for one year which the expiry date is 31st May, 2010.

A renewal tenancy agreement between the company and Baron Asia Limited was signed on 21st December, 2009, the rental expense was increased to HK\$200,000 per month commencing on 1st February, 2010. The term is from 1st February, 2010 to 30th June, 2011.

- (iii) Ms. Wan Ho Yan, Letty was appointed as a consultant and the service period will be from 21st December, 2009 to 30th June, 2011. She shall faithfully and diligently perform such duties and exercise such powers consistent with the office and shall follow the reasonable and lawful directions of and comply with all resolutions from time to time of the Board. The remuneration shall not exceed HK\$1,000,000 for each of the financial years. Ms. Wan Ho Yan, Letty, is a former Director of the Company and she is one of the Company's substantial shareholders.
- (iv) On 7th June, 2010, the Company completed the acquisition of 12.5% equity interest in Fame Oriented Holdings Limited from Baron Natural Resources Holdings Limited ("Baron Natural Resources") for total consideration of HK\$19,200,000. Baron Natural Resources, which is a company indirectly wholly-owned by Ms. Wan Ho Yan, Letty.

17. LEASE COMMITMENTS

As at 30th June, 2010, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Unaudited 30th June, 2010 HK\$	Audited 31st December, 2009 HK\$
Within one year	2,400,000	400,000
In the second to fifth year inclusive	-	-
	2,400,000	400,000

18. CONTINGENT LIABILITIES

At 30th June, 2010, the Group had no significant contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

The principal activity of the Group is investing in both listed and unlisted securities. As at 30th June, 2010, the Group has deployed approximately HK\$29 million in unlisted equity securities.

Operating Results

During the six months ended 30th June, 2010, the Group reported a loss of approximately HK\$1.6 million (six months ended 30th June, 2009: a profit of approximately HK\$11.5 million). The loss was mainly attributable to the decrease in the unrealized gain on financial assets designated as held for trading.

Liquidity and Financial Resources

As at 30th June, 2010, the Group had cash and cash equivalents of approximately HK\$31.6 million (31st December, 2009: HK\$44.6 million). The gearing ratio, which was defined as the ratio of total borrowings to shareholders' equity as at 30th June, 2010, was nil (31st December, 2009: nil). The decrease in cash and cash equivalents was mainly due to the acquisition of 12.5% equity interest in Fame Oriented Holdings Limited. Cash and cash equivalents represented approximately 23% of the Group's total assets as at 30th June, 2010. It is the Group's policy to adopt a prudent financial management strategy to meet risk fluctuation and investment opportunities.

Prospect

Despite the economic recovery in China in 2009, the growth pace of global investment market has been slowed down following the European financial crisis during the first half year of 2010. Given the continued uncertainty and unpredictability of the current global financial markets and economies, the Directors continue to adopt cautious and prudent approach in managing the portfolio of investments of the Group. It was noteworthy that during this reporting period, the Directors have upheld monitoring the development in Sino Resources Group Limited (0223) which shares have been held by the Group as one of the financial assets designated as held-for-trading. The shares of 0223 have been suspended from trading in the Stock Exchange since July 2009, and if deemed necessary, appropriate action will be taken to reserve for impairment loss in the carrying value of the shares. The Group is continually looking for investment opportunities which offer good returns and within the acceptable risk profile of the Group.

DIRECTOR'S AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 30th June, 2010, 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 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 SHAREHOLDERS

As at 30th June, 2010, the following person or corporations 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	Notes	Number of Shares	Type of interest	Approximately percentage of issued share capital of the Company
Wan Ho Yan, Letty	1	230,280,511	Interest of controlled corporation	21.03%
Cosmopolitan International Holdings Limited	2	155,728,000	Interest of controlled corporation	14.22%
Cheng Hew Hong, Rebecca	3	14,900,000	Interest of controlled corporation	1.36%

Notes:

1. Ms. Wan Ho Yan, Letty ("Ms. Wan") is deemed to be interested in 230,280,511 shares held by Profit Giant Holdings Limited and Harvest Capital Global Enterprises Limited which are wholly owned by Ms. Wan.
2. Cosmopolitan International Holdings Limited ("Cosmo") is deemed to be interested in 155,728,000 shares held by Joint Talent Investments Limited which is ultimately wholly owned by Cosmo. Cosmo is a company which issued shares are listed on the main board of the Stock Exchange.
3. Apart from a direct holding of 14,900,000 Shares, Ms. Cheng Hew Hong, Rebecca ("Ms. Cheng") is deemed to be interested in 80,000,000 Shares through the CIF Option held by Mega Regent Holdings Limited which is wholly owned by Ms. Cheng.

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 direct 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 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 30th June, 2010, 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 by 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 30th June, 2010.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Board opined that the Company has complied with the code provision set out in the Code of Corporate Governance Practice (the "CG Code") as stipulated in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the reporting period except on the following deviation.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. Independent non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the Forthcoming Annual General Meeting in accordance with the Company's Articles of Association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than in the Code.

Code Provision E.1.2 stipulates that the Chairman of the Board and the Chairman of the Audit Committee should attend the annual general meeting. The Chairman of the Board had not attended the annual general meeting of the Company held on 28th June, 2010. The Chairman of the Board will endeavour to attend all future annual general meetings of the Company unless unexpected or special circumstances prevent him from doing so.

AUDIT COMMITTEE

The audit committee of the Company currently comprises three independent non-executive Directors. The principal duties of the audit committee are the review and supervision of the financial reporting process and internal controls of the Group. The audit committee has reviewed the accounting policies and practices adopted by the Group and discussed internal controls and financial reporting matters with management. The Group's unaudited condensed consolidated interim financial statements for the six months ended 30th June, 2010 have been reviewed by the audit committee.

REMUNERATION COMMITTEE

A Remuneration Committee was established by the Company in 28th July, 2005, in accordance with the requirement of the Code. The Remuneration Committee, comprising three independent non-executive Directors, which meets at least once a year. The principal responsibilities of the Remuneration Committee include formulation of the remuneration policy, review and recommendation to the Board the annual remuneration policy, and determination of the remuneration of the Executive Directors and members of the Senior Management. Remuneration and the employment contracts of new appointing directors have to be reviewed and approved by the remuneration committee. Compensation of removal or dismissal of directors has to be reviewed and approved by the remuneration committee in accordance with relevant contractual terms and any compensation payment is otherwise reasonable and appropriate.

By Order of the Board
China Investment Fund Company Limited
Wan Chuen Hing, Alexander
Executive Director

Hong Kong, 23rd August, 2010

As at the date of this report, the Executive Directors are Mr. William Robert Majcher and Mr. Wan Chuen Hing, Alexander, and the Independent Non-executive Directors are Mr. Yan Mou Keung, Ronald, Mr. Cheng Wing Keung, Raymond and Mr. Yeung Chun Yue, David.