中 國 投 資

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

The board (the "Board") of directors (the "Directors") of China Investment Fund Company Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2012 with the comparative figures for the year ended 31 December 2011 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2012

	Notes	**2012** *HK$*	2011 *HK$*
Revenue	3	**1,191,439**	2,363,375
Net realised (loss) gain on disposal of available-for-sale financial assets		**(3,304,002)**	1,283,018
Net realised gain on disposal of financial assets designated as held for trading		**2,551,329**	1,527,700
Net unrealised gain on financial assets designated as held for trading		**3,361,631**	—
Loss on disposal of a subsidiary/subsidiaries		**—**	(9,457,609)
		3,800,397	(4,283,516)
Other income	3	**150,000**	1,280,134
Administrative expenses		**(24,872,414)**	(9,067,128)
Finance costs		**(15,171)**	—
Loss before tax		**(20,937,188)**	(12,070,510)
Income tax expense	5	**—**	—
Loss for the year	6	**(20,937,188)**	(12,070,510)
LOSS PER SHARE	8		
— Basic *(HK cents)*		**(2.74) cents**	(1.72) cents
— Diluted *(HK cents)*		**(2.74) cents**	(1.72) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	2012	2011
	HK$	*HK$*
Loss for the year	**(20,937,188)**	(12,070,510)
Other comprehensive expenses:		
Exchange (loss) gain on translating available-for-sale financial assets	**(12,590)**	5,565
Exchange difference arising on translation of foreign operation	**15,400**	—
Net loss arising on revaluation of available-for-sale financial assets during the year	**(11,990,900)**	(5,861,213)
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year	**1,988,340**	(1,321,169)
Other comprehensive expenses for the year, net of income tax	**(9,999,750)**	(7,176,817)
Total comprehensive expenses attributable to owners of the Company	**(30,936,938)**	(19,247,327)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2012

	Note	**2012** *HK$*	2011 *HK$*
Non-current assets			
Property, plant and equipment		**6,512,285**	22,337
Available-for-sale financial assets		**117,117,922**	116,805,674
		123,630,207	116,828,011
Current assets			
Available-for-sale financial assets		**5,523,640**	—
Prepayments, deposits and other receivables		**7,932,496**	502,451
Financial assets designated as held for trading		**20,424,000**	—
Cash and cash equivalents		**31,152,802**	114,518,958
		65,032,938	115,021,409
Current liability			
Accruals, deposit received and other payables		**843,545**	13,092,882
Net current assets		**64,189,393**	101,928,527
Total assets less current liability		**187,819,600**	218,756,538
Capital and reserves			
Share capital		**38,256,000**	38,256,000
Reserves		**149,563,600**	180,500,538
Total equity		**187,819,600**	218,756,538
Net asset value per share	8	**0.25**	0.29

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

	Share capital	Share premium	Exchange reserve	Investment revaluation reserve	Retained earnings (Accumulated losses)	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2011	11,152,000	131,291,525	1,466,515	(145,346)	1,094,558	144,859,252
Issue of shares for cash by subscription	1,600,000	17,260,000	—	—	—	18,860,000
Issue of shares for cash by open offer	25,504,000	48,780,613	—	—	—	74,284,613
Other comprehensive expenses	—	—	(1,460,950)	(5,715,867)	—	(7,176,817)
Loss for the year	—	—	—	—	(12,070,510)	(12,070,510)
At 31 December 2011	38,256,000	197,332,138	5,565	(5,861,213)	(10,975,952)	218,756,538
Other comprehensive expenses	**—**	**—**	**2,810**	**(10,002,560)**	**—**	**(9,999,750)**
Loss for the year	**—**	**—**	**—**	**—**	**(20,937,188)**	**(20,937,188)**
At 31 December 2012	**38,256,000**	**197,332,138**	**8,375**	**(15,863,773)**	**(31,913,140)**	**187,819,600**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2012

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

(b) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets

The application of these new and revised HKFRSs has had no material impact on the Group's financial performance and positions for the current and prior years.

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 2009 — 2011 Cycle[2]
Amendments to HKFRS 1	Government Loans[2]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

Annual Improvements to HKFRSs 2009 — 2011 Cycle issued in June 2012

The Annual Improvements to HKFRSs 2009 — 2011 Cycle include a number of amendments to various HKFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to HKFRSs include the amendments to HKAS 16 Property, Plant and Equipment and the amendments to HKAS 32 Financial Instruments: Presentation.

The amendments to HKAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in HKAS 16 and as inventory otherwise. The Directors do not anticipate that the application of the amendments will have a material effect on the Group's consolidated financial statements.

The amendments to HKAS 32 clarify that income tax on distributions to holders of an equity instrument and transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. The Directors anticipate that the amendments to HKAS 32 will have no effect on the Group's consolidated financial statements as the Group has already adopted this treatment.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

The Directors anticipate that the application of these amendments to HKAS 32 and HKFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HK (SIC) — Int 12 Consolidation — Special Purpose Entities will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC) — Int 13 Jointly Controlled Entities — Non-monetary Contributions by Venturers will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The Directors anticipate that the application of these five standards may not have a significant impact on amounts reported in the consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014, with early application permitted. The Directors anticipate that the application of the amendments may have an impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurement, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosure will be extended by HKFRS 13 to cover all assets and liabilities with its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Directors anticipate that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

HKAS 19 (as revised in 2011) Employee Benefits

The amendments to HKAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application. The Directors anticipate that the application of the amendments to HKAS 19 may have an impact on the amounts reported in respect of the Group's defined benefit plans.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 Presentation of Items of Other Comprehensive Income introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a 'statement of comprehensive income' is renamed as a 'statement of profit or loss and other comprehensive income' and an 'income statement' is renamed as a 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in future accounting periods.

3. REVENUE AND OTHER INCOME

Revenue represents interest income and dividend income from financial assets for the year. An analysis of the Group's revenue and other income for the year is as follows:

	2012	2011
	HK$	*HK$*
Revenue		
Interest income from:		
— Deposits in financial institutions	**415,607**	812,386
— Available-for-sale financial assets	**484,932**	197,330
Dividend income from:		
— Financial assets designated as held for trading	**290,900**	—
— Available-for-sale financial assets	**—**	1,353,659
	1,191,439	2,363,375
Other income		
— Option fee income	**150,000**	1,280,134

4. SEGMENT INFORMATION

During the years ended 31 December 2012 and 2011 respectively, the Group's revenue were mainly derived from the interest income and dividend income from 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 the year, analysed by geographical market, are as follows:

	Hong Kong		**Others**		**Consolidated**	
	2012	2011	**2012**	2011	**2012**	2011
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Segment revenue:						
Interest income from bank deposits	**415,454**	812,386	**153**	—	**415,607**	812,386
Interest income from available-for-sale financial assets	**—**	—	**484,932**	197,330	**484,932**	197,330
Dividend received	**290,900**	—	**—**	1,353,659	**290,900**	1,353,659
	706,354	812,386	**485,085**	1,550,989	**1,191,439**	2,363,375
Segment assets	**178,907,553**	169,297,446	**9,755,592**	62,551,974	**188,663,145**	231,849,420
Unallocated assets					**—**	—
Total assets					**188,663,145**	231,849,420
Total liabilities					**843,545**	13,092,882
Other information						
Additions to non-current assets					**7,481,432**	24,430

5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax is required since the Group has no assessable profits for the year. Tax losses carried forward amount to approximately HK$60,197,585.

The tax expense for the year can be reconciled to the loss before tax per the consolidated income statement as follows:

	2012	2011
	HK$	*HK$*
Loss before tax	**(20,937,188)**	(12,070,510)
Tax at the domestic income tax rate of 16.5% (2011: 16.5%)	**(3,454,636)**	(1,991,634)
Tax effect of income not taxable for tax purpose	**(671,217)**	(427,378)
Tax effect of expenses not deductible for tax purpose	**3,614,495**	1,757,993
Tax effect of deductible temporary differences previously not recognised	**(660,457)**	8,015
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(209,843)**	—
Tax effect of tax losses not recognised	**1,381,658**	653,004
Tax expense for the year	**—**	—

Note: The domestic tax rate (which is Hong Kong Profits Tax rate) in the jurisdiction where the operation of the Group is substantially based is used.

6. LOSS FOR THE YEAR

	2012	2011
	HK$	*HK$*
The Group's loss for the year has been arrived at after charging:		
Directors' remuneration:		
Fees	**319,188**	278,334
Other emoluments	**947,127**	865,323
Provident fund contributions	**26,000**	20,500
Staff costs:		
Salaries	**4,953,160**	849,992
Provident fund contributions	**147,033**	26,000
Total staff costs (including directors' remuneration)	**6,392,508**	2,040,149
Auditor's remuneration		
Current year	**140,000**	110,000
Investment management fee	**900,000**	1,800,000
Depreciation on property, plant and equipment	**991,484**	23,789
Amortisation of prepaid lease payments	**—**	50,255
Financial advisory fee	**3,000,000**	1,000,000
Net foreign exchange losses	**71,511**	120,944
Operating lease rentals of land and buildings	**4,111,939**	2,448,540

7. DIVIDEND

No dividend was paid or proposed during 2012, nor has any dividend been proposed since the end of the reporting period (2011: 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 consolidated statement of financial position of HK$187,819,600 (2011: HK$218,756,538) by the number of shares in issue as at 31 December 2012, being 765,120,000 (2011: 765,120,000).

Loss per share

The calculation of the basic and diluted loss per share is based on the net loss for the year of HK$20,937,188 (2011: net loss of HK$12,070,510) and the weighted average number of 765,120,000 (2011: 703,693,337) ordinary shares in issue during the year.

9. RETIREMENT BENEFITS SCHEME

The Group has arranged its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group (the employer) and its employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employer and employees are subject to a maximum contribution of HK$1,250 per month and thereafter contributions are voluntary.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The global investment markets during the last year have been largely dampened by waves of serious bad news on European debt issues. Substantial financial dislocation also stemmed from the weakened US economy and the potential economic slowdown in China. Facing such unfavorable investment environment, the Directors have taken the cautiously defensive measure to conservatively manage the portfolio of investments of the Group.

Under the above situation, the Group had a net loss of approximately HK$20,937,000 (2011: net loss of approximately HK$12,071,000). The loss was mainly due to the loss on disposal of available-for-sale financial assets of approximately HK$3,304,000 (2011: gain of approximately HK$1,283,000) and increase in the administrative expenses. Therefore, the Group recorded a net loss in the year 2012.

Securities Investments

The Board exercised caution when managing the investment process during the year. For the year ended 31 December 2012, the Group recorded audited revenue of approximately HK$1,191,000 (2011: approximately HK$2,363,000), decreased by approximately 50% over the previous year. The Group made a realised loss on disposal of available-for-sale financial assets of approximately HK$3,304,000 (2011: gain of approximately HK$1,283,000).

Given the recent fluctuation in the worldwide financial markets, the Board will continue to identify any investment opportunities and manage the investment portfolio in accordance with the Company's investment objective and policy with a view of gaining good investment yields for our shareholders. We will monitor market development closely with a view of identifying attractive and long-term investment opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

The Group had cash and cash equivalents of approximately HK$31,153,000 as at 31 December 2012 (2011: approximately HK$114,519,000).

The Group's gearing ratio, representing the total debt divided by equity attributable to equity holders of the Company, was not applicable as the Group did not have any bank loans or borrowings as at 31 December 2012 and 2011.

There were no capital commitments as at 31 December 2012 which would require a substantial use of the Group's present cash resources or external funding.

Exchange risk of the Group is minimal as the assets of the Group comprised substantially of bank deposits denominated in Hong Kong dollars and US dollars. It is the Group's policy to adopt a prudent financial management strategy to meet risk fluctuation and investment opportunities.

ESTABLISHMENT OF SUBSIDIARIES AND DISPOSAL OF SUBSIDIARY

Total 19 subsidiaries were established and 1 subsidiary was disposed during the year ended 31 December 2012.

CAPITAL STRUCTURE

The shares of the Company were listed on the Stock Exchange. During the year, there is no movements in the Company's share capital.

EMPLOYEE INFORMATION

As at 31 December 2012, the Company had 18 employees (2011: 10), including executive Directors and independent non-executive Directors. The Group's remuneration policies are in line with the prevailing market practice and are determined on the basis of the performance and experience of individual employees.

PROSPECTS

For the year 2012, the Euro Zone sovereign debt crisis and the economic problem in United States downturn the global economic growth, it is expected the global market to be challenging and volatile in the year 2013. The Directors will cautiously approach and analyse the market to safely monitor the portfolio of investments of the Group. Most importantly, we will attentively look out for investment opportunities which offer reasonable returns and within the acceptable risk profile of the Group.

CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practices (the "Old Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") was amended and revised as the Corporate Governance Code (the "CG Code") which became effective on 1 April 2012. We have, throughout the year ended 31 December 2012, complied with the code provisions of the Old Code and the CG Code as and when they were/are applicable and in force, except for the deviations from code provisions 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 and the Chairman of the Audit Committee should attend the Annual General Meeting ("AGM"). The Chairman of the Board and the Chairman of the Audit Committee had not attended the annual general meeting of the Company held on 28 June 2012 as they were engaged in an important business meeting. The said AGM was chaired by an executive Director.

AUDIT COMMITTEE

Audit Committee currently comprised solely of independent non-executive Directors, namely, Mr. Wong Chung Kin, Quentin (Chairman), Mr. Ng Man Fai, Matthew and Mr. Tsang Kwok Wa, Edward. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules.

The Audit Committee is mainly responsible for overseeing the Company's financial reporting system and internal control procedures; making recommendations to the Board on the appointment, reappointment and removal of the external auditors, and to approve the remuneration and terms of engagement of the external auditors, and any questions of the resignation or dismissal of such auditors; and reviewing the interim and annual reports and accounts of the Company.

The Audit Committee meets regularly to review 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 including a review of the consolidated financial statements for the year ended 31 December 2012.

The Group's 2012 audited financial statements had been duly reviewed by the Audit Committee with the Auditor. The members of the Audit Committee unanimously recommended for approval by the Board. The Audit Committee has concluded that is satisfied with the professional performance of the Auditor and therefore recommends the Board that HLM CPA Limited be re-appointed as our auditor in the AGM.

With the consent of the Audit Committee, the Board hereby confirms that, in the preparation of the 2012 consolidated financial statements of the Company, the Directors, both collectively and individually applied such degree of skill, care and diligence as may reasonably be expected of under the Rule 3.08 of the Listing Rules.

HLM CPA Limited (the "Auditor") was appointed as Auditor of the Company until conclusion of the AGM. During the year, the remuneration paid for the services provided by the Auditor is as follows:

Audit services	HK$140,000
Non-audit services	HK$10,000

REMUNERATION COMMITTEE

Remuneration Committee currently comprised solely of independent non-executive Directors, namely, Mr. Ng Man Fai, Matthew (Chairman), Mr. Wong Chung Kin, Quentin and Mr. Tsang Kwok Wa, Edward.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and making recommendations to the Board on the remuneration packages of individual executive Director and senior management.

NOMINATION COMMITTEE

The Nomination Committee comprised of executive Director, namely, Mr. Luk Hong Man, Hammond, independent non-executive Directors, Mr. Ng Man Fai, Matthew, and Mr. Tsang Kwok Wa, Edward. Mr. Tsang Kwok Wa, Edward is the Chairman of the Nomination Committee.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of the independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

DIRECTORS' SECURITIES TRANSACTIONS

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 have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2012.

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

During the year ended 31 December 2012, the Company has not purchased, sold nor redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

The register of member of the Company will be closed from Tuesday, 25 June 2013 to Thursday, 27 June 2013, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending the AGM to be held on Thursday, 27 June 2013, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 24 June 2013.

PUBLICATION OF FURTHER INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This Final Results Announcement is published on the website of the Hong Kong Exchange and Clearing Limited ("HKEx") at www.hkex.com.hk and on the Company's website at www.cifund.com.hk. The Annual Report of the Company will be dispatched to the shareholders and will be available on the websites of HKEx and the Company in due course.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement and consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2012 as set out in this announcement have been agreed by the Group's auditor, HLM CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by HLM CPA Limited on this announcement.

By order of the Board
China Investment Fund Company Limited
Luk Hong Man, Hammond
Executive Director

Hong Kong, 27 March 2013

As at the date of this announcement, 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.

* *For identification purpose only*