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 2011

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 2011 with the comparative figures for the year ended 31 December 2010 as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2011

	Notes	2011 HK$	2010 HK$
Revenue	3	**2,363,375**	1,168,424
Net realised gain on disposal of available-for-sale financial assets		**1,283,018**	37,262,300
Net realised gain on disposal of financial assets designated as held for trading		**1,527,700**	470,910
Net unrealised loss on financial assets designated as held for trading		**–**	(2,316,300)
Loss on disposal of subsidiaries		**(9,457,609)**	–
		(4,283,516)	36,585,334
Other income	3	**1,280,134**	2,552,065
Administrative expenses		**(9,067,128)**	(9,408,852)
(Loss) profit before taxation		**(12,070,510)**	29,728,547
Taxation	5	**–**	–
(Loss) profit for the year	6	**(12,070,510)**	29,728,547
Dividend	7	**–**	–
(LOSS) EARNINGS PER SHARE	8		(restated)
– Basic and diluted (HK cents)		**(1.72) cents**	7.24 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011	2010
	HK$	*HK$*
(Loss) profit for the year	**(12,070,510)**	29,728,547
Other comprehensive expenses:		
Exchange gain on translating available-for-sale financial assets	**5,565**	412,732
Net (loss) gain arising on revaluation of available-for-sale financial assets during the year	**(5,861,213)**	407,669
Reclassification adjustments relating to available-for-sale financial assets disposed of during the year	**(1,321,169)**	(12,561,599)
Other comprehensive expenses for the year	**(7,176,817)**	(11,741,198)
Total comprehensive (expenses) income attributable to shareholders	**(19,247,327)**	17,987,349

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2011

	Note	**2011**	2010
		HK$	*HK$*
Non-current assets			
Property, plant and equipment		**22,337**	678,744
Prepaid lease payments - long-term portion		**–**	3,058,355
Available-for-sale financial assets		**116,805,674**	91,348,104
		116,828,011	95,085,203
Current assets			
Prepaid lease payments - current portion		**–**	86,151
Prepayments, deposits and other receivables		**502,451**	713,131
Financial assets designated as held for trading		**–**	9,872,400
Cash and cash equivalents		**114,518,958**	41,615,347
		115,021,409	52,287,029
Current liability			
Accruals, deposit received and other payables		**13,092,882**	2,512,980
Net current assets		**101,928,527**	49,774,049
Net assets		**218,756,538**	144,859,252
Capital and reserves			
Share capital		**38,256,000**	11,152,000
Reserves		**180,500,538**	133,707,252
Total equity		**218,756,538**	144,859,252
Net asset value per share	*8*	**0.29**	0.13

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Share capital	Share premium	Exchange reserve	Investment revaluation reserve	Retained earnings (Accumulated losses)	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
At 1 January 2010	10,952,000	129,371,525	1,053,783	12,008,584	(28,633,989)	124,751,903
Issue of shares for cash by subscription	200,000	1,920,000	–	–	–	2,120,000
Other comprehensive income (expenses)	–	–	412,732	(12,153,930)	–	(11,741,198)
Profit for the year	–	–	–	–	29,728,547	29,728,547
At 31 December 2010	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**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2011

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 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 below. 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")

The following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") have been applied by the Group in the current year and have affected the presentation and disclosures set out in these consolidated financial statements. The application of these new and revised HKFRSs has had no impact on the Group's financial performance and positions for the current and prior years, except as described below.

Application of new and revised standards and interpretations

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKAS 1 (Amendments)	Presentation of Financial Statements
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendments)	Classification of Rights Issues
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 3 (Amendments)	Business Combinations (2008) – Improvements to HKFRSs (2010)
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HK (IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has resulted in the identification of related parties that were not identified as related parties under the pervious Standard. Specifically, associates of the ultimate holding company of the Company are treated as related parties of the Group under the revised Standard whilst such entities were not treated as related parties of the Group under the previous Standard. The related party disclosures have been changed to reflect the application of the revised Standard. Changes have been applied retrospectively.

New and revised Standards and Interpretations 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.

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[1]
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
HKFRS 9	Financial Instruments[6]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosures of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[3]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[5]
HK (IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011.
2 Effective for annual periods beginning on or after 1 January 2012.
3 Effective for annual periods beginning on or after 1 July 2012.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 January 2014.
6 Effective for annual periods beginning on or after 1 January 2015.

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial assets is transferred but the transferor retains some level of continuing exposure in the assets. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

The Directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

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:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be 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 accounting 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.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit and loss, 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at 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.

In June 2011, a package of five standards on consolidated, 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 and HK (SIC) – Int 12 Consolidation – Special Purpose Entities. 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 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 and HK (SIC) – Int 13 Jointly Controlled Entities – Non-Monetary Contributions by Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. 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 HKAS31, 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 accounting.

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.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. The application of HKFRS 10 may result in the Group no longer consolidating some of its investees, and consolidating investees that were not previously consolidated. In addition, the application of HKFRS 11 may result in changes in the accounting of the Group's jointly controlled entities that are currently accounted for using proportionate consolidation. Under HKFRS 11, those jointly controlled entities will be classified as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. However, the Directors have not yet performed a detailed analysis of the impact of the application of these Standards and have not yet quantified the extent if the impact.

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 HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and 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.

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 additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are 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 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 the future accounting periods.

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purpose of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The Directors anticipate that the application of the amendments to HKAS 12 in future reporting periods may result in adjustments to the amounts of deferred tax liabilities recognised in prior years regarding the Group's investment properties of which the carrying amounts are presumed to be recovered through sale. However, the Directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

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 plane assets when they occur, and hence eliminate the "corridor approach" permitted under the previous version of HKAS 19. 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.

The amendments to HKAS 19 are effective for annual periods beginning on or after 1 January 2013 and require retrospective application with certain exceptions. The Directors anticipate that the amendments to HKAS 19 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the amendments to HKAS 19 may have impact on amounts reported in respect of the Group's defined benefit plans. However, the Directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.

3. REVENUE AND OTHER INCOME

The Group is principally engaged in investing in listed and unlisted financial assets. Revenue represents interest income and dividend income from financial assets.

An analysis of revenue and other income is as follows:

	2011	2010
	HK$	*HK$*
Revenue		
Interest income from:		
– Deposits in financial institutions	**812,386**	5,690
– Available-for-sale financial assets	**197,330**	383,076
Dividend income from:		
– Financial assets designated as held for trading	**–**	170,506
– Available-for-sale financial assets	**1,353,659**	609,152
	2,363,375	1,168,424
Other income		
– Option fee income	**1,280,134**	–
– Net foreign exchange gain	**–**	100,865
– Forfeited deposits on termination of equity-settled arrangements	**–**	2,451,200
	1,280,134	2,552,065

4. SEGMENT INFORMATION

During the years ended 31 December 2011 and 2010 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**	
	2011	2010	**2011**	2010	**2011**	2010
	HK$	*HK$*	***HK$***	*HK$*	***HK$***	*HK$*
Segment revenue:						
Interest income from bank deposits	**812,386**	5,690	**–**	–	**812,386**	5,690
Interest income from available-for-sale financial assets	**–**	–	**197,330**	383,076	**197,330**	383,076
Dividend received	**–**	170,506	**1,353,659**	609,152	**1,353,659**	779,658
	812,386	176,196	**1,550,989**	992,228	**2,363,375**	1,168,424
Segment assets	**169,297,446**	92,835,727	**62,551,974**	54,536,505	**231,849,420**	147,372,232
Unallocated assets					**–**	–
Total assets					**231,849,420**	147,372,232
Total liabilities					**13,092,882**	2,512,980
Other information						
Additions to non-current assets					**24,430**	–

5. TAXATION

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

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$51,823,896.

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

	2011	2010
	HK$	*HK$*
(Loss) profit before taxation	**(12,070,510)**	29,728,547
Tax calculated at the Hong Kong Profits Tax rate of 16.5% (2010: 16.5%)	**(1,991,634)**	4,905,210
Tax effect of income not taxable for tax purpose	**(427,378)**	(7,238,668)
Tax effect of expenses not deductible for tax purpose	**1,757,993**	1,029,553
Tax effect of deductible temporary differences not recognised	**8,015**	(214)
Tax effect of tax losses not recognised	**653,004**	1,304,119
Tax expense for the year	**–**	–

6. **(LOSS) PROFIT FOR THE YEAR**

	2011	2010
	HK$	*HK$*
The Group's (loss) profit for the year has been arrived at after charging:		
Directors' remuneration:		
Fees	**278,334**	277,750
Other emoluments	**865,323**	1,177,000
Provident fund contributions	**20,500**	15,000
Staff costs		
Salaries	**849,992**	508,902
Provident fund contributions	**26,000**	21,243
Total staff costs (including directors' remuneration)	**2,040,149**	1,999,895
Auditors' remuneration		
Current year	**110,000**	100,000
Investment management fee	**1,800,000**	1,800,000
Depreciation on property, plant and equipment	**23,789**	37,193
Amortisation of lease premium	**50,255**	86,151
Financial advisory fee	**1,000,000**	–
Operating lease rentals of land and buildings	**2,448,540**	2,280,000
And after crediting:		
Net foreign exchange gain	**–**	100,865

7. **DIVIDEND**

The Directors do not recommend the payment of final dividend for the year ended 31 December 2011 (2010: nil).

8. **NET ASSET VALUE PER SHARE AND (LOSS) EARNINGS 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$218,756,538 (2010: HK$144,859,252) by the number of shares in issue as at 31 December 2011, being 765,120,000 (2010: 1,115,200,000).

(Loss) earnings per share

The calculation of the basic and diluted (loss) earnings per share is based on the net loss for the year of HK$12,070,510 (2010: net profit of HK$29,728,547) and the weighted average number of 703,693,337 (2010 (restated): 410,398,883) ordinary shares in issue during the year. The weighted average number of ordinary shares for the purpose of basic (loss) earnings per share has been adjusted for share consolidation and open offer on 15 February 2011 and 14 March 2011 respectively.

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$1,000 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$12,071,000 (2010: net profit of approximately HK$29,729,000). The loss was mainly due to the loss on disposal of subsidiaries of approximately HK$9,458,000 (2010: Nil) and decrease in the net realized gain on disposal of available-for-sale financial assets of approximately HK$1,283,000 (2010: approximately HK$37,262,000).

Securities Investments

The board exercised caution when managing the investment process during the year. For the year ended 31 December 2011, the Group recorded audited revenue gained from financial assets of approximately HK$1,551,000 (2010: approximately HK$1,163,000), increased by approximately 33% over the previous year. The Group made a net realised gain on disposal of financial assets of approximately HK$2,811,000 (2010: approximately 37,733,000).

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$114,519,000 as at 31 December 2011 (2010: approximately HK$41,615,000).

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 2011 and 2010.

There were no capital commitments as at 31 December 2011 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. Approximately 0.07% of the Group's financial assets are denominated in European and Canada dollars. It is the Group's policy to adopt a prudent financial management strategy to meet risk fluctuation and investment opportunities.

MATERIAL ACQUISITION OF SUBSIDIARIES AND DISPOSAL OF SUBSIDIARIES

Save for 5 subsidiaries were acquired and 3 subsidiaries were disposed, there were no material acquisition of subsidiaries and disposal of subsidiaries during the year ended 31 December 2011.

CAPITAL STRUCTURE

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). During the year, the movements in the company's share capital are as follows:

(a) On 26, 28 and 31 January 2011, the Company had issued and allotted 50,000,000, 60,000,000 and 50,000,000 new shares at HK$0.125, HK$0.106 and HK$0.125 by subscription respectively.

(b) On 15 February 2011, the Company implemented the Capital Reorganisation comprising the Share Consolidation pursuant to which every five Existing Share of HK$0.01 each will be consolidated into one Consolidated Share of HK$0.05. Further details of the Share Consolidation are set out in a circular dated 19 January 2011.

(c) On 14 March 2011, an Open Offer of 510,080,000 offer shares at a price of HK$0.15 per offer share on the basis of two offer shares for every consolidated shares held by members on the register. Further details of the Open Offer are set out in the prospectus of the Company dated 15 February 2011.

EMPLOYEE INFORMATION

As at 31 December 2011, the Company had 10 employees (2010: 7), 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

The outlook of the global economy and investment market remains highly uncertain and volatile. The unresolved European debt problems will continue to be one of the major overhangs while there is renewed concern over the stability in Middle East and Korea that will likely dampen the global economy. Meanwhile, 2012 marks the year of power transition in the USA and China that will undoubtedly cause certain market volatility. The latest statistics from China (including PMI in January and economic data in December 2011) confirmed a slow-down of the Chinese economy which may produce domino effects on other countries. Due to the aforementioned uncertainties and risk factors, the Directors reiterate our cautious approach to safe-guide and monitor the portfolio of investments for the Group. We will continuously look out with full attention for investment opportunities that offer reasonable returns and within the acceptable risk profile of the Group.

CORPORATE GOVERNANCE PRACTICES

Following the issue of the Code on Corporate Governance Practices (the "Code"), as set out in Appendix 14 of the Listing Rules, the Company has carefully reviewed and considered its provisions, and carried out a detailed analysis on the corporate governance practices of the Company against the requirements of the Code. Throughout the financial year ended 31 December 2011, except for the requirement that the non-executive Directors should be appointed for specific terms, the Company has complied with all code provisions on the Code. 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 that in the Code.

AUDIT COMMITTEE

The Company established the Audit Committee on 3 December 2001, which is 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 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 2011.

HLM & Co. Certified Public Accountants (the "Auditors") were appointed as auditors of the Company until conclusion of the AGM. During the year, the Auditors rendered non-audit service to the Group and the Group also incurred the non-audit service fees of HK$9,000.

The Group's 2011 audited financial statements had been duly reviewed by the Audit Committee with the Auditors. 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 Auditors and therefore recommends the Board that Auditors be re-appointed as our auditors in the AGM.

With the consent of the Audit Committee, the Board hereby confirms that, in the preparation of the 2011 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.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 28 July 2005, which is currently comprised solely of independent non-executive Directors, namely, Mr. Ng Man Fai, Matthew, Mr. Tsang Kwok Wa, Edward and Mr. Wong Chung Kin, Quentin. Mr. Ng Man Fai, Matthew is the chairman of the Remuneration Committee.

The Remuneration Committee is responsible for formulating the remuneration policy, reviewing and recommending to the Board the annual remuneration policy, and determination of the remuneration of the executive Director. 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.

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 2011.

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

During the year ended 31 December 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities except for the below:

(a) On 26, 28 and 31 January 2011, the Company had issued and allotted 50,000,000, 60,000,000 and 50,000,000 new shares at HK$0.125, HK$0.106 and HK$0.125 by subscription respectively.

(b) On 14 March 2011, an Open Offer of 510,080,000 offer shares at a price of HK$0.15 per offer share on the basis of two offer shares for every consolidated shares held by members on the register. Further details of the Open Offer are set out in the prospectus of the Company dated 15 February 2011.

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.irasia.com/listco/hk/cif. 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.

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

Hong Kong, 30 March 2012

As at the date of this announcement, the executive Directors are Mr. William Robert Majcher, Mr. Wan Chuen Hing, Alexander and Mr. Luk Hong Man, Hammond 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*