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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)**

### **CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTIONS**

#### **I. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement made by the Company dated 30 December 2009 under which the Board announced that the Company entered into the Investment Management Agreement with Baron Asset Management and the Sharing of Administrative Office Agreement with Baron Asia respectively on 21 December 2009.

Under the Investment Management Agreement, Baron Asset Management agreed to act as the Company's investment manager and to provide investment management services to the Company. Under the Sharing of Administrative Office Agreement, the Company was entitled to use the office Premises and Facilities of Baron Properties Holding and Baron Asia, respectively.

The Investment Management Agreement and the Sharing of Administrative Office Agreement expired on 30 June 2011.

On 8 July 2011, the Company entered into Supplemental Agreements to extend the term of the Investment Management Agreement and the Sharing of Administrative Office Agreement for a period of one year commencing from 1 July 2011 and expiring on 30 June 2012. Other terms of the Investment Management Agreement and the Sharing of Administrative Office Agreement remain unchanged and shall continue in full force and effect during the extended term.

#### **II. CONNECTED TRANSACTIONS**

##### **1. BROKERAGE AGREEMENT**

On 5 July 2011, the Company entered into a Brokerage Agreement with Ping An Securities for the provision of securities broking services to the Company for a period of one year commencing from 1 July 2011 and expiring on 30 June 2012.

## **2. FINANCIAL ADVISORY AGREEMENT**

On 8 July 2011, the Company entered into a Financial Advisory Agreement with Baron Capital for the provision of corporate financial advisory services to the Company. Baron Capital is appointed as the Company's financial adviser for a period of one year commencing from 1 July 2011 and expiring on 30 June 2012.

Baron Asset Management, being the investment manager of the Company, is a connected person of the Company pursuant to Rule 21.13 of the Listing Rules. Baron Asia and Ping An Securities are indirectly wholly owned by Ms. Wan who is the niece of Mr. Wan Chuen Hing, Executive Director of the Company. Baron Capital is wholly owned by Mr. Wan Chuen Chung who is the brother of Mr. Wan Chuen Hing. Therefore, Baron Asia, Baron Capital, Ping An Securities, Mr. Wan Chuen Chung and Ms. Wan are connected persons of the Company pursuant to Rules 14A.11(4)(b)(i) and 14A.11(4)(c)(i) of the Listing Rules. Accordingly, the transactions contemplated under the Supplemental Agreements constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. The transactions contemplated under the Brokerage Agreement and the Financial Advisory Agreement constitute connected transactions for the Company under Rule 14A.13(1)(a) of the Listing Rules.

Pursuant to Rules 14A.34(2) and 14A.32(2) of the Listing Rules, as the aggregate annual considerations to be paid under the Supplemental Agreements, the Brokerage Agreement and the Financial Advisory Agreement will be less than 25% of each or all of the relevant percentage ratios (other than the profits ratio) and the total consideration is less than HK\$10,000,000 on an annual basis, the Company is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company is also required to comply with the annual review requirements set out in Rules 14A.37 to 14A.40 in respect of the transactions under the Supplemental Agreements.

## **I. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement made by the Company dated 30 December 2009 under which the Board announced that the Company entered into the Investment Management Agreement with Baron Asset Management and the Sharing of Administrative Office Agreement with Baron Asia respectively on 21 December 2009.

Under the Investment Management Agreement, Baron Asset Management agreed to act as the Company's investment manager to provide investment management services to the Company. Under the Sharing of Administrative Office Agreement, the Company was entitled to use the office Premises and Facilities of Baron Properties Holding and Baron Asia, respectively.

The Investment Management Agreement and the Sharing of Administrative Office Agreement expired on 30 June 2011. On 8 July 2011, the Company entered into the Supplemental Investment Management Agreement with Baron Asset Management and the Supplement Sharing of Administrative Office Agreement with Baron Asia respectively to extend the term of the Investment Management Agreement and the Sharing of Administrative Office Agreement for a period of one year commencing from 1 July 2011 and expiring on 30 June 2012. Other terms of the Investment Management Agreement and the Sharing of Administrative Office Agreement remain unchanged and shall continue in full force and effect during the extended term.

Under the Supplemental Investment Management Agreement, the amount of management fee payable to Baron Asset Management is HK\$1,800,000 per annum (or HK\$150,000 per month), of which HK\$900,000 is payable in advance on or before 31 July 2011 and the remaining balance of HK\$900,000 is payable in advance on or before 31 January 2012.

In respect of the Supplemental Sharing of Administrative Office Agreement, the fee payable by the Company to Baron Asia for the use of the Premises and Facilities is HK\$2,400,000, by way of the sum of HK\$200,000 per month, which is payable monthly in advance within 5 days of the beginning of each calendar month.

The total amount of management fee and sharing of office premises fee paid by the Company for the financial year ended 31 December 2010 and for the period from 1 January 2011 to 30 June 2011 are set out below:

	Financial year ended 31 December 2010 <i>HK\$</i>	Period from 1 January 2011 to 30 June 2011 <i>HK\$</i>
Investment Management Agreement	1,800,000	900,000
Sharing of Administrative Office Agreement	<u>2,200,000</u>	<u>1,200,000</u>

For the purpose of Rule 14A.35(2), the maximum aggregate annual value for each of the two years ending 31 December 2011 and 2012 in respect of the Supplemental Agreements are set out below:

	<b>Financial year ending</b>	
	31 December 2011 <i>HK\$</i>	31 December 2012 <i>HK\$</i>
Supplemental Investment Management Agreement	900,000	900,000
Supplemental Sharing of Administrative Office Agreement	<u>1,200,000</u>	<u>1,200,000</u>

### **Reasons for the renewal of Continuing Connected Transactions**

The Directors (including the independent non-executive Directors) consider it to be in the best interests of the Company and the Shareholders as a whole to renew the Investment Management Agreement and the Sharing of Administrative Office Agreement on the following grounds:

- (i) the investment management services provided by Baron Asset Management are valuable which help contribute favourable profit and asset growth to the Company; and
- (ii) the terms of the Sharing of Administrative Office Agreement are fair, reasonable and on normal commercial terms, when comparing to other Grade A offices in Central, Hong Kong.

## **Listing Rules Implication**

Baron Asset Management, being the investment manager of the Company under the Supplemental Investment Management Agreement, is a connected person of the Company pursuant to Rule 21.13 of the Listing Rules. The fees payable under the Supplemental Investment Management Agreement for each of the two years ending 31 December 2011 and 2012 will be less than 5% of each or all of the relevant percentage ratios (other than the profit ratio). Accordingly, the transaction contemplated under the Supplemental Investment Management Agreement constitutes a continuing connected transaction of the Company under Rule 14A.14 of the Listing Rules and is only subject to the reporting and announcement requirements pursuant to Rule 14A.34(1) of the Listing Rules.

Baron Asia is indirectly wholly owned by Ms. Wan, who is the niece of Mr. Wan Chuen Hing, Executive Director of the Company. Baron Asia is a connected person of the Company pursuant to Rule 14A.11(4)(c)(i) of the Listing Rules. The fees payable under the Supplemental Sharing of Administrative Office Agreement for each of the two years ending 31 December 2011 and 2012 will be less than 5% of each or all of the relevant percentage ratios (other than the profit ratio). The transaction contemplated under the Supplemental Sharing of Administrative Office Agreement constitutes a continuing connected transaction for the Company under Rule 14A.14 of the Listing Rules and is only subject to the reporting and announcement requirements pursuant to Rule 14A.34(1) of the Listing Rules.

In respect of the transactions under the Supplemental Agreements, the Company is also required to comply with the annual review requirements set out in Rules 14A.37 to 14A.40 of the Listing Rules.

## **II. CONNECTED TRANSACTIONS**

### **1. BROKERAGE AGREEMENT**

#### **Principal terms**

Date:	5 July 2011
Parties:	The Company Ping An Securities
Term:	From 1 July 2011 to 30 June 2012
Ping An Securities' service to the Company:	Provision of brokerage service for securities. In particular, execute purchase and sale orders of securities in accordance with the instructions of the Group.
Brokerage commission:	The Company shall pay to Ping An Securities in respect of its services hereunder a brokerage commission of 0.125% (with a minimum commission of HK\$75 per transaction) provided that the aggregate brokerage commission shall not exceed HK\$200,000 per annum.
Termination:	Each party shall be entitled to terminate the Brokerage Agreement by giving two months' notice in writing to the other party.

## Reasons for entering into the Brokerage Agreement

Ping An Securities has been providing brokerage service for securities to the Company since 24 September 2003. The Board is of the view that the brokerage service provided by Ping An Securities is necessary and expect to benefit the Company. The terms of the Brokerage Agreement are fair, reasonable and on normal commercial terms.

The Company shall pay to Ping An Securities in respect of its services hereunder a brokerage commission of 0.125% (with a minimum commission of HK\$75 per transaction).

The maximum aggregate annual value for each of the two years ending 31 December 2011 and 2012 under the Brokerage Agreement is set out below.

	Financial Year Ending	
	31 December 2011	31 December 2012
	HK\$	HK\$
Brokerage Agreement	<u>100,000</u>	<u>100,000</u>

The Directors (including the independent non-executive Directors) are satisfied that (i) the terms of the Brokerage Agreement have been negotiated on an arm's length basis and are on normal commercial terms; (ii) such transaction will be conducted in the ordinary and usual course of business of the Company; (iii) the maximum annual value for each of the years ending 2011 and 2012 is reasonable; and (iv) the terms of the Brokerage Agreement are fair, reasonable and in the interests of the Company and its Shareholders as a whole.

## Information on Ping An Securities

Ping An Securities is a company licensed under the SFO to conduct Type 1 (Dealing in securities), Type 4 (Advising on securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities. It is registered with the Stock Exchange as an exchange participant and is indirect wholly owned by Ms. Wan.

## Listing Rules Implication

Ping An Securities is indirectly wholly owned by Ms. Wan who is the niece of Mr. Wan Chuen Hing, Executive Director of the Company. Ping An Securities is a connected person of the Company pursuant to Rule 14A.11(4)(c)(i) of the Listing Rules. The brokerage commission payable under the Brokerage Agreement for each of the two years ending 31 December 2011 and 2012 will be less than 5% of each or all of the relevant percentage ratios (other than the profit ratio) and the total consideration is less than HK\$1,000,000. Accordingly, the transaction contemplated under the Brokerage Agreement constitutes a connected transaction for the Company under Rule 14A.13 of the Listing Rules and is exempt from the reporting, announcement and Independent Shareholders' approval requirements pursuant to Rule 14A.31(2)(c) of the Listing Rules.

## 2. FINANCIAL ADVISORY AGREEMENT

### Principal terms

Date:	8 July 2011
Parties:	The Company Baron Capital
Advisory period:	From 1 July 2011 to 30 June 2012
Baron Capital's services to the Company:	Provision of corporate financial advisory services to the Company, including but not limited to, giving advice on compliance with the Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases, capital or group reorganization and corporate restructuring, and assisting in the preparation of announcements and circulars and any other services which Baron Capital is licensed to do under the SFO.
Advisory fee:	Advisory fee is to be determined by the Board on project basis provided that the aggregate fee payable to Baron Capital shall not exceed HK\$2,000,000 per annum.
Termination:	Each party shall be entitled to terminate the Financial Advisory Agreement at any time by giving not less than one calendar week's notice in writing to the other party.

### Reasons for entering into the Financial Advisory Agreement

The Board considers it to be in the best interests of the Company to enter into the Financial Advisory Agreement on the following grounds:

- (i) The Board expects that, in order to cope with the business development of the Company, there may be a rise in the number of corporate finance transactions and fund raising activities; and
- (ii) Baron Capital has, in its ordinary and usual course of business, provided financial advisory and documentation services to the Company on, among other things, fund raising activities and notifiable transactions in the past years, and has an understanding of the Company's structure, business and financial position, and as a result, retaining Baron Capital as the financial adviser to the Company will ensure an efficient and effective delivery of services to the Company.

The advisory fee is to be determined by the Board on project basis provided that the aggregate fee paid to Baron Capital shall not exceed HK\$2,000,000 per annum.

The maximum aggregate annual value for the corporate financial advisory services for each of the two years ending 31 December 2011 and 2012 under the Financial Advisory Agreement is as set out below:

	<b>Financial Year Ending</b>	
	31 December 2011 <i>HK\$</i>	31 December 2012 <i>HK\$</i>
Financial Advisory Agreement	<u>1,000,000</u>	<u>1,000,000</u>

The Directors (including the independent non-executive Directors) are satisfied that (i) the terms of the Financial Advisory Agreement have been negotiated on an arm's length basis and are on normal commercial terms; (ii) such transactions will be conducted in the ordinary and usual course of business of the Company; (iii) the maximum aggregate annual value for each of the years ending 2011 and 2012 is reasonable; and (iv) the terms of the Financial Advisory Agreement are fair, reasonable and in the interests of the Company and its Shareholders as a whole.

### **Information on Baron Capital**

Baron Capital is a corporation licensed under the SFO to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities and is wholly owned by Mr. Wan Chuen Chung. It provides a comprehensive range of corporate financial advisory services for local and international clients.

### **Listing Rules Implication**

Baron Capital is wholly owned by Mr. Wan Chuen Chung who is the brother of Mr. Wan Chuen Hing, Executive Director of the Company. Baron Capital is a connected person of the Company pursuant to Rule 14A.11(4)(b)(i) of the Listing Rules. The fees payable under the Financial Advisory Agreement for each of the two years ending 31 December 2011 and 2012 will be less than 5% of each or all of the relevant percentage ratios (other than the profit ratio). The transaction contemplated under the Financial Advisory Agreement constitutes a connected transaction for the Company under Rule 14A.13 of the Listing Rules and is only subject to the reporting and announcement requirements pursuant to Rule 14A.32(1) of the Listing Rules.

## LISTING RULES IMPLICATION FOR AGGREGATE ANNUAL CONSIDERATIONS

Pursuant to Rules 14A.32 and 14A.34 of the Listing Rules, as the aggregate annual considerations to be paid under the Supplemental Agreements, the Brokerage Agreement and the Financial Advisory Agreement will be less than 25% of each or all of the relevant percentage ratios (other than the profits ratio) and less than HK\$10,000,000, the Company is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company is also required to comply with the annual review requirements set out in Rules 14A.37 to 14A.40 in respect of the transactions under the Supplemental Agreements.

## INFORMATION ON THE COMPANY

The Company is an investment company listed under Chapter 21 of the Listing Rules and is principally engaged in investments in companies and other business entities.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

“Baron Asia”	Baron Asia Limited, a company incorporated in Hong Kong with limited liability, is indirect wholly owned by Ms. Wan and principally engaged in investment holding
“Baron Asset Management”	Baron Asset Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry out Type 4 (Advising on Securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities under the SFO
“Baron Capital”	Baron Capital Limited, a corporation licensed under the SFO to conduct Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) regulated activities and is wholly owned by Mr. Wan Chuen Chung
“Baron Properties Holding”	Baron Properties Holding Limited, a company incorporated in the BVI with limited liability, a fellow subsidiary of Baron Asia and a wholly owned subsidiary of Baron Group Limited. Baron Properties Holding is the tenant of the Premises
“Board”	board of Directors (including independent non-executive Directors)
“Brokerage Agreement”	the brokerage agreement dated 5 July 2011 and entered into between the Company and Ping An Securities in relation to the provision of securities broking services for a period of one year commencing from 1 July 2011 and expiring on 30 June 2012
“BVI”	British Virgin Islands
“Company”	China Investment Fund Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Connected Transactions”	collectively, the transactions contemplated under the Brokerage Agreement and Financial Advisory Agreement
“Continuing Connected Transactions”	collectively, the transactions contemplated under the Supplemental Investment Management Agreement and the Supplemental Sharing of Administrative Office Agreement
“Director(s)”	the director(s) of the Company
“Financial Advisory Agreement”	the financial advisory agreement dated 8 July 2011 and entered into between the Company and Baron Capital in relation to the provision of corporate financial advisory services for a period of one year commencing from 1 July 2011 and expiring on 30 June 2012
“Facilities”	all the office equipment, furniture, appliances and general facilities belonging to Baron Asia and used at the Premises
“Group”	The Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Shareholders”	has the meaning ascribed thereto under the Listing Rules
“Investment Management Agreement”	the investment management agreement dated 21 December 2009 and entered into between the Company and Baron Asset Management in relation to the provision of investment management services for the period from 1 January 2010 to 30 June 2011
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Ms. Wan”	Ms. Wan Ho Yan, Letty, a former substantial shareholder of the Company. Ms. Wan is the niece of Mr. Wan Chuen Hing, Executive Director of the Company
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Ping An Securities”	Ping An Securities Limited, a company licensed under the SFO to conduct Type 1 (Dealing in securities), Type 4 (Advising on securities), Type 6 (Advising on Corporate Finance) and Type 9 (Asset Management) regulated activities. It is registered with the Stock Exchange as an exchange participant and is indirect wholly owned by Ms. Wan
“Premises”	all that the whole of the 4th Floor of Aon China Building, 29 Queen’s Road Central, Hong Kong

“Share(s)”	share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sharing of Administrative Office Agreement”	the sharing of administrative office and ancillary facilities agreement dated 21 December 2009 and entered into between Baron Asia and the Company in relation to the sharing of the Premises and the Facilities
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Supplemental Agreements”	collectively, the Supplemental Investment Management Agreement and the Supplemental Sharing of Administrative Office Agreement
“Supplemental Investment Management Agreement”	the investment management agreement dated 8 July 2011 and entered into between the Company and Baron Asset Management in relation to the provision of investment management services for a period of one year commencing from 1 July 2011 and expiring on 30 June 2012
“Supplemental Sharing of Administrative Office Agreement”	the sharing of administrative office and ancillary facilities agreement dated 8 July 2011 and entered into between Baron Asia and the Company in relation to the sharing of the Premises and the Facilities for a period of one year commencing from 1 July 2011 and expiring on 30 June 2012
“%”	per cent.

By order of the Board  
**China Investment Fund Company Limited**  
**Mr. Wan Chuen Hing, Alexander**  
*Executive Director*

Hong Kong, 15 August 2011

*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 Independent Non-executive Directors are Mr. Cheng Wing Keung, Raymond, Mr. Yeung Chun Yue, David and Mr. Siu Hi Lam, Alick.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.*