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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)

#### FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

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 2010 with the comparative figures for the year ended 31 December 2009 as follows:

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

|  | Notes | 2010<br>HK\$ | 2009<br>HK\$ |
|--|-------|--------------|--------------|
| Revenue  | 3     | 1,168,424    | 10,679,063   |
| Net realised gain (loss) on disposal of available-for-sale financial assets  |       | 37,262,300   | (1,181,555)  |
| Net realised gain on disposal of financial assets designated as held for trading                                     |       | 470,910      | 14,065,064   |
| Loss on reclassification from financial assets designated as held for trading to available-for-sale financial assets |       | –            | (4,125,700)  |
| Net unrealised (loss) gain on financial assets designated as held for trading  |       | (2,316,300)  | 3,708,200    |
| Other income   | 3     | 36,585,334   | 23,145,072   |
| Administrative expenses  |       | 2,552,065    | 509,790      |
| Finance costs  |       | (9,408,852)  | (5,605,685)  |
|  |       | –            | (105,573)    |
| Profit before taxation   |       | 29,728,547   | 17,943,604   |
| Taxation   | 5     | –            | –            |
| Profit for the year  | 6     | 29,728,547   | 17,943,604   |
| Dividend   | 7     | –            | –            |
| EARNINGS PER SHARE   | 8     |              | (restated)   |
| – Basic (HK cents)   |       | 10.40 cents  | 6.29 cents   |
| – Diluted (HK cents)   |       | N/A          | N/A          |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

|   | <i>Note</i> | 2010<br><i>HK\$</i> | 2009<br><i>HK\$</i> |
|---|-------------|---------------------|---------------------|
| <b>Non-current assets</b>                       |             |                     |                     |
| Property, plant and equipment                   |             | 678,744             | 715,937             |
| Prepaid lease payments – long-term portion      |             | 3,058,355           | 3,144,506           |
| Available-for-sale financial assets             |             | <u>91,348,104</u>   | <u>44,917,103</u>   |
|   |             | <u>95,085,203</u>   | <u>48,777,546</u>   |
| <b>Current assets</b>                           |             |                     |                     |
| Prepaid lease payments – current portion        |             | 86,151              | 86,151              |
| Prepayments, deposits and other receivables     |             | 713,131             | 19,962,367          |
| Financial assets designated as held for trading |             | 9,872,400           | 14,810,700          |
| Cash and cash equivalents                       |             | <u>41,615,347</u>   | <u>44,602,638</u>   |
|   |             | <u>52,287,029</u>   | <u>79,461,856</u>   |
| <b>Current liability</b>                        |             |                     |                     |
| Accruals, deposit received and other payables   |             | <u>2,512,980</u>    | <u>3,487,499</u>    |
| <b>Net current assets</b>                       |             | <u>49,774,049</u>   | <u>75,974,357</u>   |
| <b>Net assets</b>                               |             | <u>144,859,252</u>  | <u>124,751,903</u>  |
| <b>Capital and reserves</b>                     |             |                     |                     |
| Share capital                                   |             | 11,152,000          | 10,952,000          |
| Reserves  |             | <u>133,707,252</u>  | <u>113,799,903</u>  |
| <b>Total equity</b>                             |             | <u>144,859,252</u>  | <u>124,751,903</u>  |
| <b>Net asset value per share</b>                | 8           | <u>0.13</u>         | <u>0.11</u>         |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2010

|  | Share<br>capital<br>HK\$ | Share<br>premium<br>HK\$ | Other<br>reserve<br>HK\$ | Exchange<br>reserve<br>HK\$ | Investment<br>revaluation<br>reserve<br>HK\$ | Retained<br>earnings<br>(Accumulated<br>losses)<br>HK\$ | Total<br>HK\$      |
|--|--------------------------|--------------------------|--------------------------|-----------------------------|--|---|--------------------|
| At 1 January 2009                              | 10,752,000               | 127,451,525              | 2,451,200                | –                           | (3,711,302)                                  | (46,577,593)  | 90,365,830         |
| Issue of shares for cash<br>by subscription    | 200,000                  | 1,920,000                | –                        | –                           | –  | –   | 2,120,000          |
| Cancellation of equity-settled<br>arrangements | –                        | –                        | (2,451,200)              | –                           | –  | –   | (2,451,200)        |
| Other comprehensive income                     | –                        | –                        | –                        | 1,053,783                   | 15,719,886                                   | –   | 16,773,669         |
| Profit for the year                            | –                        | –                        | –                        | –                           | –  | 17,943,604  | 17,943,604         |
| At 31 December 2009                            | 10,952,000               | 129,371,525              | –                        | 1,053,783                   | 12,008,584                                   | (28,633,989)  | 124,751,903        |
| Issue of shares for cash<br>by subscription    | 200,000                  | 1,920,000                | –                        | –                           | –  | –   | 2,120,000          |
| Other comprehensive income<br>(expenses)       | –                        | –                        | –                        | 412,732                     | (12,153,930)                                 | –   | (11,741,198)       |
| Profit for the year                            | –                        | –                        | –                        | –                           | –  | 29,728,547  | 29,728,547         |
| At 31 December 2010                            | <u>11,152,000</u>        | <u>131,291,525</u>       | <u>–</u>                 | <u>1,466,515</u>            | <u>(145,346)</u>                             | <u>1,094,558</u>  | <u>144,859,252</u> |

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) 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 for the year ended 31 December 2010 comprise of the financial statements of the Company and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. 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 Standards and Interpretations issued by the HKICPA have been applied by the Group in the current year and have affected the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements. The impact of the application of the new and revised Standards and Interpretations is discussed 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.

|                               |   |
|-------------------------------|---|
| HKFRSs (Amendments)           | Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008  |
| HKFRSs (Amendments)           | Improvements to HKFRSs issued in 2009   |
| HKFRSs (Amendments)           | Improvements to HKFRSs issued in 2010   |
| HKAS 27 (Revised)             | Consolidated and Separate Financial Statements  |
| HKAS 39 (Amendments)          | Eligible Hedged Items   |
| HKFRS 1 (Revised)             | First-time Adoption of HKFRSs   |
| HKFRS 1 (Amendments)          | Additional Exemptions for First-time Adopters   |
| HKFRS 2 (Amendments)          | Group Cash-settled Share-based Payment Transactions   |
| HKFRS 3 (Revised)             | Business Combinations   |
| HK – Interpretation (“Int”) 5 | Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause |
| HK(IFRIC) – Int 17            | Distributions of Non-cash Assets to Owners  |

*Amendments to HKFRS 7 Financial Instruments: Disclosures (as part of Improvements to HKFRSs issued in 2010)*

The amendments to HKFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. The Group has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.

*Amendments to HKAS 1 Presentation of Financial Statement (as part of Improvements to HKFRSs issued in 2010)*

The amendments to HKAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the consolidated statement of changes in equity or in the notes to the consolidated financial statements. The Group has applied the amendments in advance of their effective date (annual periods beginning on or after 1 January 2011). The amendments have been applied retrospectively.

*HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements*

The application of HKAS 27 (as revised in 2008) has resulted in changes in the Group's accounting policies for the Group's changes in ownership interests in subsidiaries of the Group.

Specifically, the revised Standard has affected the Group's accounting policies regarding changes in the Group's ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate, for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires the Group to derecognise all assets, liabilities and non-controlling interests at their carrying amounts and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

*Amendments to HKAS 17 Leases*

As part of improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

## New and revised Standards and Interpretations issued but not yet effective

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective.

|                                  |   |
|----------------------------------|---|
| HKFRSs (Amendments)              | Improvements to HKFRSs issued in 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKFRS 7, HKAS 1 and HKAS 28 <sup>1</sup> |
| HKFRS 1 (Amendments)             | Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>3</sup>   |
| HKFRS 1 (Amendments)             | Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters <sup>5</sup>   |
| HKFRS 7 (Amendments)             | Disclosures – Transfers of Financial Assets <sup>3</sup>  |
| HKFRS 9                          | Financial Instruments <sup>7</sup>  |
| HKAS 12 (Amendments)             | Deferred Tax: Recovery of Underlying Assets <sup>6</sup>  |
| HKAS 24 (Revised)                | Related Party Disclosures <sup>4</sup>  |
| HKAS 32 (Amendments)             | Classification of Rights Issues <sup>2</sup>  |
| HK (IFRIC) – Int 14 (Amendments) | Prepayments of a Minimum Funding Requirement <sup>4</sup>   |
| HK (IFRIC) – Int 19              | Extinguishing Financial Liabilities with Equity Instruments <sup>3</sup>  |

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.

<sup>2</sup> Effective for annual periods beginning on or after 1 February 2010.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2010.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2011.

<sup>5</sup> Effective for annual periods beginning on or after 1 July 2011.

<sup>6</sup> Effective for annual periods beginning on or after 1 January 2012

<sup>7</sup> Effective for annual periods beginning on or after 1 January 2013

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

- 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.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in 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 a 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's credit risk in the comprehensive income 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 recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that 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 will have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets 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 asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. To date, the Group has not entered into transactions involving transfers of financial assets. However, if the Group enters into any such transactions in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities. The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity.

The amendments to HKAS 32 titled Classification of Rights Issues address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those rights issues.

The amendments to HK(IFRIC)-Int 14 require entities to recognise as an economic benefit any prepayment of minimum funding requirement contributions. As the Group has no defined benefit scheme, the amendments are unlikely to have any financial impact on the Group.

HK (IFRIC) – Int 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transaction in the future, HK (IFRIC) – Int 19 will affect the required accounting. In particular, under HK (IFRIC) – Int 19, equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### 3. REVENUE AND OTHER INCOME

The Group is principally engaged 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:

|  | <b>2010</b>             | 2009                     |
|--|-------------------------|--------------------------|
|  | <b>HK\$</b>             | <b>HK\$</b>              |
| Interest income from:  |                         |                          |
| – Deposits in financial institutions                               | <b>5,690</b>            | 16,705                   |
| – Available-for-sale financial assets                              | <b>383,076</b>          | 788,730                  |
| Dividend income from:  |                         |                          |
| – Financial assets designated as held for trading                  | <b>170,506</b>          | 9,873,628                |
| – Available-for-sale financial assets                              | <b>609,152</b>          | –                        |
|  | <b><u>1,168,424</u></b> | <b><u>10,679,063</u></b> |
| Other income   |                         |                          |
| – Exchange gain from bank deposit                                  | <b>100,865</b>          | 509,790                  |
| – Forfeited deposits on termination of equity-settled arrangements | <b>2,451,200</b>        | –                        |
|  | <b><u>2,552,065</u></b> | <b><u>509,790</u></b>    |

#### 4. SEGMENT INFORMATION

During the years ended 31 December 2010 and 2009 respectively, the Group's revenue were mainly derived from the interest income and dividend income from investment. 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       |                    |
|---|-------------------|----------------------------|-------------------|----------------------------|--------------------|--------------------|
|   | 2010<br>HK\$      | 2009<br>HK\$<br>(restated) | 2010<br>HK\$      | 2009<br>HK\$<br>(restated) | 2010<br>HK\$       | 2009<br>HK\$       |
| Segment revenue:  |                   |                            |                   |                            |                    |                    |
| Interest income from bank deposits                          | 5,690             | 16,705                     | –                 | –                          | 5,690              | 16,705             |
| Interest income from<br>available-for-sale financial assets | –                 | 178,831                    | 383,076           | 609,899                    | 383,076            | 788,730            |
| Dividend received   | 170,506           | 9,264,528                  | 609,152           | 609,100                    | 779,658            | 9,873,628          |
|   | <u>176,196</u>    | <u>9,460,064</u>           | <u>992,228</u>    | <u>1,218,999</u>           | <u>1,168,424</u>   | <u>10,679,063</u>  |
| Segment assets  | <u>92,835,727</u> | <u>113,010,039</u>         | <u>54,536,505</u> | <u>15,229,363</u>          | <u>147,372,232</u> | <u>128,239,402</u> |
| Unallocated assets  |                   |                            |                   |                            | –                  | –                  |
| Total assets  |                   |                            |                   |                            | <u>147,372,232</u> | <u>128,239,402</u> |
| Total liabilities   |                   |                            |                   |                            | <u>2,512,980</u>   | <u>3,487,499</u>   |
| Other information   |                   |                            |                   |                            |                    |                    |
| Additions to non-current assets                             |                   |                            |                   |                            | –                  | –                  |

#### 5. TAXATION

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

No provision for Hong Kong profit tax is required since the group has no assessable profit for the year. Tax losses carried forward amount to approximately HK\$47,969,287.

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

|  | 2010<br>HK\$      | 2009<br>HK\$      |
|--|-------------------|-------------------|
| Profit before taxation   | <u>29,728,547</u> | <u>17,943,604</u> |
| Tax calculated at the Hong Kong Profits Tax rate of 16.5%<br>(2009: 16.5%) | 4,905,210         | 2,960,694         |
| Tax effect of income not taxable for tax purpose                           | (7,238,668)       | (1,631,905)       |
| Tax effect of expenses not deductible for tax purpose                      | 1,029,553         | 718,320           |
| Tax effect of deductible temporary differences not recognised              | (214)             | (268)             |
| Tax effect of tax losses not recognised                                    | 1,304,119         | 36,565            |
| Utilisation of tax losses previously not recognised                        | –                 | (2,083,406)       |
| Tax expense for the year   | <u>–</u>          | <u>–</u>          |

## 6. PROFIT FOR THE YEAR

|   | 2010<br><i>HK\$</i> | 2009<br><i>HK\$</i> |
|---|---------------------|---------------------|
| The Group's profit for the year has been arrived at after charging: |                     |                     |
| Directors' remuneration:  |                     |                     |
| Fees  | 277,750             | 270,000             |
| Other emoluments  | 1,177,000           | 1,971,645           |
| Provident fund contributions  | 15,000              | 24,000              |
| Staff costs   |                     |                     |
| Salaries  | 508,902             | 471,395             |
| Provident fund contributions  | 21,243              | 20,841              |
| Total staff costs (including directors' remuneration)               | <u>1,999,895</u>    | <u>2,757,881</u>    |
| Auditors' remuneration  |                     |                     |
| Current year  | <u>100,000</u>      | <u>90,000</u>       |
| Investment management fee   | 1,800,000           | 780,000             |
| Depreciation on property, plant and equipment                       | 37,193              | 37,193              |
| Amortisation of prepaid lease payments                              | 86,151              | 86,151              |
| Operating lease rentals of land and buildings                       | <u>2,280,000</u>    | <u>960,000</u>      |
| And after crediting:  |                     |                     |
| Exchange gain   | <u>100,865</u>      | <u>509,790</u>      |

## 7. DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2010 (2009: nil).

## 8. NET ASSET VALUE PER SHARE AND 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\$144,859,252 (2009: HK\$124,751,903) by the number of shares in issue as at 31 December 2010, being 1,115,200,000 (2009: 1,095,200,000).

### Earnings per share

The calculation of the basic earnings per share is based on the net profit for the year of HK\$29,728,547 (2009: HK\$17,943,604) and the weighted average number of 285,981,627 (2009 (restated): 285,111,488) ordinary shares in issue during the year. The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the consolidation of shares and the open offer after the reporting period. The diluted earnings per share is not presented because there were no potential dilutive shares during the both years ended 31 December 2010 and 2009.

## 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 economic recovery initially started in the later part of 2009 was accelerated during early 2010 caused mainly by the boost in government spending and rebuilding of business inventory. However, the abrupt European financial crisis that surged in 2010 has obstructed the growth pace of global investment market. In the second half of 2010, the U.S. Federal Reserve has embarked on a second round of quantitative easing to stimulate the slow pace of economic recovery of the United States.

Under the above situation, the Group had still made a net profit of approximately HK\$29,729,000 (2009: approximately HK\$17,944,000). The profit was mainly due to the realised gain on disposal of available-for-sale financial assets of approximately HK\$37,262,000 (2009: realised loss of approximately HK\$1,182,000). Therefore, the Group actually recorded a net profit in the year 2010.

### **Securities Investments**

The Board exercised caution when managing the investment process during the year. For the year ended 31 December 2010, the Group recorded audited revenue of approximately HK\$1,168,000, decreased by approximately 89% over the previous year. The Group made a realised gain on disposal of available-for-sale financial assets of approximately HK\$37,262,000 which was higher than last year realised loss of approximately HK\$1,182,000. The increase in realised gain was mainly due to the disposal of shares of Cosmopolitan International Holdings Limited listed in Hong Kong during the year.

Given the recent uncertainty of the global economy, 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 reasonable 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\$41,615,000 as at 31 December 2010 (2009: approximately HK\$44,603,000).

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 2010 and 2009.

There were no capital commitments as at 31 December 2010 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 current assets of the Group comprised substantially of bank deposits denominated in Hong Kong dollars and US dollars. Approximately 0.02% of the Group's monetary assets are denominated in European 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**

There were no material acquisition of subsidiaries and disposal of subsidiaries during the year ended 31 December 2010.

## **CAPITAL STRUCTURE**

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Save as 20,000,000 new ordinary shares issued by subscription in consideration for cash proceed, there has been no change in the capital structure of the Company for the year under review.

## **EMPLOYEE INFORMATION**

As at 31 December 2010, the Company had 2 executive Directors and 3 independent non-executive Directors and 2 employees. Remuneration policies for the Directors are reviewed by the Group in accordance with the market situation, respective duties, responsibilities with the Group and their performance from time to time.

## **PROSPECTS**

The global economy is under a severely challenging time. The political unrest in the Middle East and North African countries and the downgrade of Spain’s credit rating has raised renewed concerns on the European debt crisis and economic recovery. Further, the recent abrupt earthquake and subsequent tsunami damages in Japan may likely affect the Asian economies. 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**

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 2010, 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 than in the Code.

## **AUDIT COMMITTEE**

The Committee currently comprised solely of independent non-executive Directors, namely, Mr. Yeung Chun Yue, David (Chairman), Mr. Cheng Wing Keung, Raymond and Mr. Siu Hi Lam, Alick. 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 2010.

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\$22,000.

The Group’s 2010 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 2010 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. Cheng Wing Keung, Raymond, Mr. Yeung Chun Yue, David and Mr. Siu Hi Lam, Alick. Mr. Cheng Wing Keung, Raymond 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 2010.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the year ended 31 December 2010, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities, except for 20,000,000 new ordinary shares issued by subscription on 1 November 2010 in consideration for cash proceed.

**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](http://www.hkex.com.hk) and on the Company’s website at [www.irasia.com/listco/hk/cif](http://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**  
**William Robert Majcher**  
*Executive Director*

Hong Kong, 18 March 2011

*As at the date of this announcement, the executive Directors are Mr. William Robert Majcher and Mr. Wan Chuen Hing, Alexander and the independent non-executive Directors are Mr. Cheng Wing Keung, Raymond, Mr. Yeung Chun Yue, David and Mr. Siu Hi Lam, Alick.*

*\* For identification purpose only*