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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 TRANSACTION -
CHANGE OF INVESTMENT MANAGER**

**CONTINUING CONNECTED TRANSACTION - CHANGE OF INVESTMENT
MANAGER**

The Board announces that the Company entered into the New Investment Management Agreement with AIM on 31 January 2013, pursuant to which AIM has agreed to act as the investment manager of the Company and to provide investment management services to the Company for a period of two years commencing from 1 February 2013 and expiring on 31 January 2015.

AIM shall be deemed as a connected person of the Company pursuant to Rule 21.13 of the Listing Rules upon the Company's entering into of the New Investment Management Agreement. As the total amount of management fee and relating expenses payable by the Company under the New Investment Management Agreement is expected to be HK\$ HK\$1,160,000 per annum, which is less than HK\$10,000,000 per annum, and each of the percentage ratios (other than the profits ratio) prescribed under Rule 14.07 of the Listing Rules on an annual basis will be less than 25%, the transaction contemplated under the New Investment Management Agreement therefore falls within the provision of Rule 14A.34 of the Listing Rules and is only subject to the reporting and announcement requirements, the annual review requirements and is exempt from the independent shareholders' approval requirements.

**CONTINUING CONNECTED TRANSACTION - CHANGE OF INVESTMENT
MANAGER**

Reference was made to the announcement of the Company dated 15 August 2011 whereby the Board announced that, among other things, the Company entered into the Baron Investment Management Agreement on 8 July 2011 with Baron Asset Management in relation to the extension of the appointment of Baron Asset Management as the Company's investment manager for a period of one year. The Baron Investment Management Agreement has expired on 30 June 2012.

** for identification only*

The Board announces that the Company entered into the New Investment Management Agreement with AIM on 31 January 2013, pursuant to which AIM has agreed to act as the investment manager of the Company and to provide investment management services to the Company for a period of two years commencing from 1 February 2013 and expiring on 31 January 2015.

THE NEW INVESTMENT MANAGEMENT AGREEMENT

The principal terms of the New Investment Management Agreement include the following:

- Date: 31 January 2013
- Parties: (1) the Company; and
(2) AIM
- Management Period and termination: From 1 February 2013 until 31 January 2015, whilst the Company and AIM shall each be entitled to terminate the New Investment Management Agreement by giving not less than three months' notice in writing to the other party. The New Investment Management Agreement is renewable by mutual agreement in writing.
- Scope of services: AIM shall provide investment management services to the Company including, *inter alia*:
- a) identifying, reviewing and evaluating investment and divestment opportunities for the Company and assisting to negotiate the best possible terms of such investment and divestment for the Company;
 - b) assisting the Board to evaluate and consider potential investments and to render investment advice to the Board based on the reasonable available information;
 - c) providing the Board with such information as may be reasonably be available to AIM on opportunities to acquire or to divest investments of which AIM becomes aware and which in the opinion of AIM are or may be suitable for the Company;
 - d) assisting the Board to monitor and keep under review the performance and status of the assets of the Company from time to time; and
 - e) acting in accordance with the reasonable instructions given and authorities delegated to AIM from time to time by the Board.

Notwithstanding the foregoing, from time to time the Board may give AIM directions in writing relating to the conduct of the business of the Company to be carried out by it on behalf of the Company and AIM shall exercise its powers and duties thereunder subject to and in accordance with such directions.

The Board shall retain overall control over the investment policies of the Company and shall have discretion over the assets including acquisition and disposal of assets. The Board shall have the full power on all custodian and investment and divestment decisions and all execution of documents thereof shall be made at the instruction of the Board.

Management fee, relating expenses and annual cap amounts:

The management fee payable by the Company under the New Investment Management Agreement is HK\$80,000 per month. Pursuant to the New Investment Management Agreement, the Company shall also reimburse AIM for all its expenses incurred in relation to the performance of its duties up to a maximum amount of HK\$200,000 per annum. The total amount of management fee and relating expenses to be paid by the Company for each of the financial year ending 31 December 2013 (for the period from 1 February 2013 to 31 December 2013), 2014 (for the period from 1 January 2014 to 31 December 2014) and 2015 (for the period from 1 January 2015 to 31 January 2015) at maximum are expect to be HK\$1,063,333, HK\$1,160,000 and HK\$96,667 respectively (the “**Annual Cap Amounts**”).

The management fee and relating expenses under the New Investment Management Agreement were reached after arm’s length negotiations between the Company and AIM and was determined with reference to the prevailing market rates charged by investment managers of other investment companies listed on the HKEx and the responsibility and duty of AIM under the New Investment Management Agreement. In this regard, the Board considers that the terms of the New Investment Management Agreement (including the management fee and relating expenses payable thereunder and the Annual Cap Amounts) are fair and reasonable and in the interests of the Company and its shareholders as a whole.

REASONS FOR ENTERING INTO THE NEW INVESTMENT MANAGEMENT AGREEMENT

The Directors believe that, given its expertise, experience in securities market and proven track record, AIM will be capable to provide professional investment services to the Company and to assume the role of Baron Asset Management, after the expiry of the Baron Investment Management Agreement and, more importantly, will contribute towards the Company’s development and asset growth. The Directors (including the independent non-executive Directors) are of the view that the New Investment Management Agreement has

been entered into on normal commercial terms and in the ordinary and usual course of business of the Company and shall be in the best interests of the Company and its shareholders as a whole.

The Company has no intention to change its existing investment objectives and policies after entering into the New Investment Management Agreement.

INFORMATION ON AIM

AIM was a company incorporated on 5 February 1999 in Hong Kong with limited liability and is a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. It acted as investment manager for Radford Capital Investment Limited (Stock code: 901), an investment company listed on the HKEx under Chapter 21 of the Listing Rules, in 2002. The directors of AIM are as follows:

Ms. Kan Lai Kuen, Alice

Ms. Kan Lai Kuen, Alice is the managing director of AIM and the controlling shareholder of AIM as at the date of this announcement. She is a responsible officer of AIM for its Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO. She is responsible for overseeing the operation and activities of AIM.

Ms. Kan has over 20 years of experience in the banking and securities industry in Hong Kong and has held various senior positions in international and local banks and financial institutions, having served as executive director of ING Capital Markets Hong Kong Limited, assistant general manager of Creditanstalt Bank, Hong Kong Branch and executive director of Creditanstalt Capital Hong Kong Limited and managing director of Asia Financial Capital Limited and Asia Investment Capital Limited. Apart from being a responsible officer of AIM, she is also a responsible officer of two other corporations licensed under the SFO, namely Asia Investment Research Limited and Lotus Asset Management Limited.

Ms. Kan is an associate member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Hong Kong Institute of Directors. Ms. Kan now serves as independent non-executive director of the following companies which are listed on the HKEx, namely, Shougang Concord International Enterprises Company Limited (stock code: 697), Shimao Property Holdings Limited (stock code: 813), Regal Hotels International Holdings Limited (stock code: 78), Sunway International Holdings Limited (stock code: 58) and China Energine International (Holdings) Limited (stock code: 1185). She is also an independent director of AVIC International Investments Limited, a company listed on Singapore Exchange Securities Trading Limited.

Ms. Kan was a supervisory executive director of ING Luxfund Company Limited (“ING”), a wholly-owned subsidiary of ING Bank. ING was established in 1993 and it acted as the investment manager of ING Beijing Investment Company Limited (now known as China Development Bank International Investment Limited) (stock code: 1062), which was a Chapter 21 closed-end investment company, from April 1994 to September 1995. She established AIM in 1999 and acted as investment manager for Radford Capital Investment Limited in 2002.

Mr. Lai, Yue Cheong Lawrence

Mr. Lai, Yue Cheong Lawrence is a director of AIM. Mr. Lai holds a commerce degree in accounting, finance and economics from the University of Auckland and a master degree in business administration from the Hong Kong University of Science and Technology. He is also a member in Hong Kong Securities Institute.

Mr. Lai has over 15 years of experience in the asset management industry in Hong Kong and has served as the product controller of the proprietary trading department of Peregrine Brokerage Limited, the head Asian equities dealer of the proprietary trading department of Santander Investment Securities in Hong Kong and the regional chief trader of TAL.CEF Global Asset Management Limited (subsidiary of Cheung Kong (Holdings) Limited in Hong Kong and CIBC Group in Canada).

Mr. Lai currently is a responsible officer for Type 9 (asset management) regulated activity under the SFO for Lotus Asset Management, a fund management company in Hong Kong. He has been managing hedge funds and long only assets for over 10 years and is well experienced in all aspects of risk management, evaluation of fund performances and fund management processes.

Ms. Ma Wai Fong

Ms. Ma Wai Fong, is a director of AIM. Ms. Ma joined AIM in 2002 and has since then been responsible for the accounting, administration and compliance matters of AIM. She is a director and a compliance officer of AIM and was a representative of AIM for its Type 4 and Type 9 regulated activities under the SFO from July 2003 to April 2007. Ms. Ma is in charge of all AIM's regulatory compliance and financial matters. She is also a complaint officer of AIM who is responsible for handling all complaints lodged to the SFC in relation to AIM.

To the Directors' best knowledge, information and belief, after having made all reasonable enquiries, immediately prior to the appointment as an investment manager of the Company, AIM, its ultimate beneficial owners and its directors are independent third parties not connected with the Company and its connected persons.

LISTING RULES IMPLICATION

AIM shall be deemed as a connected person of the Company pursuant to Rule 21.13 of the Listing Rules upon the Company's entering into of the New Investment Management Agreement. As the total amount of management fee and relating expenses payable by the Company under the New Investment Management Agreement at maximum is expected to be HK\$1,160,000 per annum, which is less than HK\$10,000,000 per annum, and each of the percentage ratios (other than the profits ratio) prescribed under Rule 14.07 of the Listing Rules on an annual basis will be less than 25%, the transaction contemplated under the New Investment Management Agreement therefore falls within the provision of Rule 14A.34 of the Listing Rules and is only subject to the reporting and announcement requirements, the annual review requirements and is exempt from the independent shareholders' approval requirements.

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

“AIM”	Asia Investment Management Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed 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 Asset Management”	Baron Asset Management Limited, a company incorporated in Hong Kong with limited liability and a corporation licensed 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 Investment Management Agreement”	the supplemental 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
“Board”	board of Directors
“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 HKEx
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“HKEx”	The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the HKEx
“New Investment Management Agreement”	the investment management agreement dated 31 January 2013 entered into between AIM and the Company in relation to the appointment of AIM as the investment manager of the Company
“PRC”	People’s Republic of China (for the purpose of this

announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)

“SFC” Securities and Futures Commission

“SFO” Securities and Future Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)

“%” per cent

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

Hong Kong, 31 January 2013

As at the date of this announcement, the executive Directors are Mr. Luk Hong Man, Hammond and Mr. Ye Yinggang; and the independent non-executive Directors are Mr. Wong Chung Kin, Quentin, Mr. Tsang Kwok Wa, Edward and Mr. Ng Man Fai, Matthew.