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中 國 投 資

CHINA INVESTMENT FUND COMPANY LIMITED

(incorporated in Cayman Islands with limited liability)

(1) OPEN OFFER TO QUALIFYING SHAREHOLDERS ON THE BASIS OF 5 OFFER SHARES FOR EVERY 1 SHARE HELD AND (2) RENEWAL OF GENERAL MANDATES

Manager and Underwriter of the Open Offer



Baron Capital Limited

(1) OPEN OFFER

The Directors propose to raise approximately HK\$50,000,000 before expenses by way of an open offer of 400,000,000 Offer Shares at the Subscription Price of HK\$0.125 per Offer Share on the basis of 5 Offer Shares for every 1 Share held by the Qualifying Shareholders as at the Record Date. The Open Offer will not be made available to Overseas Shareholders. Qualifying Shareholders will not be allotted any Offer Shares in excess of their assured allotments.

The Company intends to utilise the net proceeds from the Open Offer, which is estimated to be approximately HK\$48,500,000, in making investments in Hong Kong and/or overseas and for general working capital purposes. The Directors consider that the investments are intended to be made on a medium-term basis in line with its investment objectives and it would be difficult to obtain debt financing in the present market.

The Open Offer, save and except for the Offer Shares undertaken to be procured for subscription by the Principal Shareholder, will be fully underwritten by Baron Capital, subject to fulfillment of the conditions set out in the Underwriting Agreement and the Underwriting Agreement not being terminated in accordance with its terms.

The Open Offer will be subject to, among others, the conditions set out under the paragraph headed “Conditions of the Open Offer” hereof. In particular, the Open Offer is conditional upon, among others, (i) the Resolution being duly passed at the EGM; (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having revoked, the listing of, and the permission to deal in the Offer Shares by no later than the Prospectus Posting Date; and (iii) the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms (please see the paragraph headed “Termination of the Underwriting Agreement” below). **Accordingly, the Open Offer may or may not proceed.**

To qualify for the Open Offer, a Qualifying Shareholder’s name must appear on the register of members of the Company on the Record Date, which is expected to be 13 April, 2004. In order to be registered as members on the Record Date, any transfer of Shares must be lodged for registration (with the relevant share certificates) with the share registrar of the Company in Hong Kong, Standard Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong by 4:00 p.m. on 7 April, 2004. The share register will be closed from 8 April, 2004 to 13 April, 2004, both dates inclusive. No transfer of Shares will be registered during this period.

As at the date hereof, the Company has no outstanding options, warrants or convertible instruments to subscribe for any Shares. No new Shares will be issued from the date hereof to the Record Date.

WARNING: Shares will be dealt with on an ex-entitlements basis from 6 April, 2004. If the conditions of the Open Offer are not fulfilled, the Open Offer will not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

(2) RENEWAL OF GENERAL MANDATES

Granting of General Mandates to issue and repurchase Shares to the Directors will be proposed at the EGM.

The Circular together with a notice of the EGM to approve (i) the Open Offer and (ii) the grant of General Mandates will be despatched to the Shareholders on or before 22 March, 2004. The Open Offer Documents containing further information of the Open Offer will be despatched to Qualifying Shareholders as soon as practicable after the EGM and the Prospectus will be despatched to the Overseas Shareholders for information purposes only.

Trading in the Shares was suspended from 9:30 a.m. on 26 February, 2004 at the request of the Company pending the issue of this announcement. Application has been made for trading in the Shares to resume at 9:30 a.m. on 5 March, 2004.

(1) PROPOSED OPEN OFFER

On 26 February, 2004, the Underwriting Agreement was entered into, among others, the Company and Baron Capital in respect of the Open Offer. Further details of the Open Offer are set out below.

Issue statistics:

Basis of the Open Offer:	5 Offer Shares for every 1 Share held by Qualifying Shareholders as at the Record Date
Number of existing Shares in issue:	80,000,000 Shares
Number of Offer Shares and Subscription Price:	400,000,000 Offer Shares at HK\$0.125 per Offer Share

As at the date hereof, the Company has no outstanding options, warrants or convertible instruments to subscribe for any Shares.

Qualifying Shareholders:

To qualify for the Open Offer, a Shareholder must on the Record Date:

- (i) be registered as a member of the Company; and
- (ii) have an address in Hong Kong which appears on the register of members of the Company.

In order to be registered as a member on the Record Date, Shareholders must lodge any transfers of Shares (with the relevant share certificates) with the share registrar of the Company in Hong Kong, Standard Registrars Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong by 4:00 p.m. on 7 April, 2004. The share register will be closed from 8 April, 2004 to 13 April, 2004, both dates inclusive. No transfer of Shares will be registered during this period.

The Company will send the Open Offer Documents to the Qualifying Shareholders, and the Prospectus for information only, to the Overseas Shareholders. The invitation to apply for the Offer Shares will not be transferable or capable of renunciation and there will not be any trading of nil-paid entitlements of the Offer Shares on the Stock Exchange.

Undertakings by the Principal Shareholder

As at the date hereof, the Principal Shareholder is beneficially interested in an aggregate of 17,924,000 Shares, representing approximately 22.405% of the existing issued share capital of the Company. The Principal Shareholder has given irrevocable undertakings to the Company that the Shares indirectly and beneficially owned by it (through its nominees) will remain directly or indirectly and beneficially owned by it from date hereof to the Record Date. The Principal Shareholder has also irrevocably undertaken to procure acceptance of an aggregate of 89,620,000 Offer Shares, being the aggregate of the number of Offer Shares as corresponding to the assured allotment of the Offer Shares to its nominees as the holder of such Offer Shares under the Open Offer. The Principal Shareholder has not underwritten any of the Offer Shares under the Underwriting Agreement.

Terms of the Open Offer

Subscription Price:

HK\$0.125 per Offer Share, payable in full when a Qualifying Shareholder applies for any Offer Shares in the Open Offer. The Subscription Price represents:

- (i) a discount of 50% to the closing price of HK\$0.25 per Share as quoted on the Stock Exchange on 25 February, 2004 (being the last trading day prior to the date of the Underwriting Agreement);
- (ii) a discount of approximately 14.38% to the theoretical ex-entitlement price of approximately HK\$0.146 per Share based on the aforesaid closing price per Share; and
- (iii) a discount of approximately 48.98% to the average closing price of the Shares of approximately HK\$0.245 per Share as quoted on the Stock Exchange on the last 10 trading days up to and including 25 February, 2004.

The Subscription Price has been determined based on arm's length negotiations between the Company and Baron Capital with reference to the prevailing market prices of the Shares and in light of the low trading volume of the Shares and the difficulty to obtain debt financing in the present market. In light of the low trading volume of the Shares, the Directors consider that it would be difficult to raise funding in the equity market through issue of new Shares without offering discounts of subscription price so as to attract sufficient demand. The Directors consider that such a discount provides an incentive to attract participation by Qualifying Shareholders in the Open Offer and to finance the Company's growth. In addition, the Directors consider that the investments are intended to be made on a medium-term basis in line with its investment objectives and it would be difficult to obtain debt financing in the present market. As such, the Directors consider that the terms of the Open Offer to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Status of the Offer Shares:

When fully paid, the Offer Shares will rank pari passu in all respects with the Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the allotment and issue of the Offer Shares.

Fractions of the Offer Shares:

The Company will not allot fractions of the Offer Shares. The Offer Shares arising from the aggregation of fractional entitlements (if any), to which the Qualifying Shareholders would otherwise have been entitled under the Open Offer, and the Offer Shares to which the Overseas Shareholders would otherwise have been entitled under the Open Offer will be taken up by Baron Capital and its sub-underwriters.

No application for Offer Shares in excess of assured allotment:

Under the Open Offer, the Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their entitlements but they are assured of the allotment of the Offer Shares comprised in their entitlements.

Share certificates:

Subject to the fulfillment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted to successful applicants on the terms of the Open Offer at their own risks on or before 10 May, 2004.

Rights of Overseas Shareholders:

The Open Offer Documents will not be registered under the applicable securities legislation in any jurisdictions other than in Hong Kong, and the Overseas Shareholders will not be entitled to take part in the Open Offer. The Company will send the Prospectus to the Overseas Shareholders for their information only. However, the Overseas Shareholders are entitled to attend and vote at the EGM.

Application for listing:

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in Offer Shares will be subject to the payment of stamp duty, SFC transaction levy and any other applicable fees and charges in Hong Kong.

Underwriting Agreement

Date: 26 February, 2004

Number of Offer Shares underwritten: 310,380,000 Offer Shares

Underwriter: Baron Capital

As at the date hereof, Baron Capital and its associates together hold 19.995% of the issued share capital of the Company. Baron Capital is only deemed to be interested in 19.995% shareholdings in the Company held by its associates, Capital Builder Investments Limited (“Capital Builder”). Save as above, Baron Capital does not directly or indirectly hold any shareholding in the Company as at the date hereof. Capital Builder is wholly owned by Ms. Mak Wai Chun, who is the wife of Mr. Wan Chuen Chung, Joseph. Baron Capital is beneficially owned by Mr. Wan Chuen Chung, Joseph as to 90% of its entire issued share capital indirectly. Capital Builder is not within the Baron Group. As such, it is Capital Builder, not Baron Capital to subscribe for the respective Offer Shares. Capital Builder has not yet indicated whether or not it will take up its assured allotment under the Open Offer. In order to comply with the requirements in the Listing Rules, those Offer Shares are agreed to be underwritten by Baron Capital under the Underwriting Agreement. This provides a financial backing to the Company in making the Open Offer so that the Company can ensure that all of the Offer Shares will be taken up. The receiving of underwriting commission by Baron Capital is within its ordinary and normal course of business as securities underwriting business is one of the principal activities of Baron Capital. In addition, Baron Capital is a fellow subsidiary of BAML, the investment manager of the Company. Save as disclosed herein, Baron Capital has no other interest in the Group. The entering into of the Underwriting Agreement with Baron Capital by the Company constitutes a connected transaction of the Company and is subject to the requirements of Rule 14.24(6)(c) of the Listing Rules. Baron Capital and its associates will abstain from voting at the EGM.

Pursuant to Rule 7.24(5), the Open Offer is conditional on approval by the Shareholders at the EGM by the Resolution on which any controlling shareholder shall abstain from voting. As at the date hereof, the Company has no controlling shareholder who is entitled to exercise or control the exercise of 30% or more of the voting power at the general meetings of the Company or take part in the management of the Company or control the board of directors of the Company. Therefore, save for Baron Capital and its associates who will abstain from voting at the EGM, all of the Shareholders (including the Principal

Shareholder, Ip Ki Cheung and Cheng Fat Ning, Lenda) shall be entitled to vote and be counted into quorum in the Resolution to be considered and, if appropriate, approved at the EGM. Both Ip Kai Cheung and Cheng Fat Ning, Lenda have not yet indicated whether or not they will take up their respective assured allotment under the Open Offer.

Commission:

The Company will pay to Baron Capital a documentation fee of HK\$180,000 and an underwriting commission of 2.5% of the aggregate Subscription Price of the Offer Shares to be issued under the Open Offer (excluding the Offer Shares undertaken to be procured for subscription by the Principal Shareholder for assured entitlement to its nominees). Save as disclosed above, there are no other payments to Baron Capital and its associates under the Underwriting Agreement.

Termination of the Underwriting Agreement:

Baron Capital has the right, by notice in writing to the Company, to terminate the Underwriting Agreement if at any time between the date of the Underwriting Agreement and 4:00 p.m. on the third business day after the Acceptance Date:

- (i) there shall develop, occur, exist or come into effect:
 - (a) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority or other occurrence of similar nature including without limitation abolition or repeal of any existing law or regulation; or
 - (b) any change in local, national or international financial, political, military, industrial, economic, currency, market or regulatory conditions; or
 - (c) any change in the conditions of local, national or international securities markets (or in conditions affecting a sector only of such market); or
 - (d) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise and on commercial banking activities in Hong Kong or any other relevant jurisdiction or place as declared by the relevant authorities; or

- (e) a change or development involving a prospective change in Hong Kong, the People's Republic of China or the Cayman Islands taxation or exchange controls which will or may materially and adversely affect the Company and its subsidiaries as a whole or the present or prospective shareholders of the Company in their capacity as such; or
- (f) the outbreak or escalation of hostilities or armed conflict, or the declaration of a national emergency or war or the occurrence of any other calamity or crisis; or
- (g) any other event of force majeure, including without limitation act of God, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, terrorism, labour dispute, strike or lock-out; or
- (h) any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of Baron Capital has or is likely to have a material adverse effect on the prospect of the Company or any of its subsidiaries taken as a whole; or

which, in the reasonable opinion of Baron Capital, has or is likely to have a material adverse effect on the success of the Open Offer or makes it inadvisable or inexpedient to proceed with the same; or

- (ii) there comes to the notice of Baron Capital any matter or event showing any of the representations, warranties and undertakings contained in the Underwriting Agreement to be untrue or inaccurate or, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any respect considered by Baron Capital to be material or showing any of the undertakings or other obligations to be assumed by the Company and the Principal Shareholder under the Underwriting Agreement not to have been complied with in any respect considered by Baron Capital to be material; or
- (iii) the Company shall fail promptly to send out any announcement or circular or take any actions (after the despatch of the Open Offer Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the Shares,

If Baron Capital exercises such right and terminates the Underwriting Agreement, the obligations of Baron Capital under the Open Offer will cease and the Open Offer will not proceed.

Conditions of the Open Offer

The Open Offer is conditional on the following conditions being fulfilled:

- (a) the Circular (duly approved by the Stock Exchange) being duly posted to shareholders of the Company on or before 27 March, 2004;
- (b) the Resolution being duly passed (without amendment) at the EGM or at any adjournment thereof (duly held and constituted) by no later than the Prospectus Posting Date;
- (c) the obtaining of requisite approvals (if any) from, and the filing of a copy of the Open Offer Documents (where necessary) with, the relevant governmental, monetary or other regulatory body (as the case may be) in the Cayman Islands for the implementation of the Open Offer and the issue of the Offer Shares;
- (d) the signing by or on behalf of each Director of four copies of each of the Open Offer Documents and the delivery of one such signed copy of each of the Open Offer Documents to Baron Capital and two copies thereof to the Stock Exchange in compliance with the Listing Rules by no later than the Prospectus Posting Date and the Open Offer Documents having been approved in all respects by the Stock Exchange;
- (e) the filing with and registration of the Open Offer Documents together with all the documents required to be attached thereto by the Companies Ordinance, (all having been duly authorised for registration by the Stock Exchange and signed by or on behalf of two of the Directors) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance by no later than the Prospectus Posting Date;
- (f) the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms;

- (g) the Principal Shareholder's representations and warranties under the Underwriting Agreement having been true and accurate in all material respects and their undertakings therein having been duly performed and complied with;
- (h) the posting to the Qualifying Shareholders of the Open Offer Documents on or before the Prospectus Posting Date and the posting of the Prospectus stamped "For Information Only" to the Overseas Shareholders; and
- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant, and not having revoked, the listings of, and permission to deal in, the Offer Shares either unconditionally or subject to conditions to which the Company accepts by not later than the Prospectus Posting Date (or such other date as may be agreed between the Company and Baron Capital).

Reasons for the Open Offer and use of proceeds

The Company is an investment company whose shares are listed on the Stock Exchange under Chapter 21 of the Listing Rules.

The Company intends to utilize the net proceeds from the Open Offer, which is estimated to be approximately HK\$48,500,000, in making investments in Hong Kong and/or overseas and for general working capital purposes. As the investments are intended to be made on a medium-term basis in line with its investment objectives, it would be difficult to obtain debt financing in the present markets. The Company currently has no specific plans of the investments. There is no other open offer or rights issue transactions of the Company in the preceding 12 months.

The Company considered that rights issue is not appropriate in the circumstances as longer period and more complicate procedures are required for raising capital. In addition, the only material difference between a rights issue and an open offer is the existence of nil-paid trading rights in the former case, which may be traded in the stock market when the price of the rights issue is attractive. The Directors considered that the Open Offer is more time and cost effective and is in interest of the Company and the Shareholders as a whole.

The Directors are of the opinion that it is logical to have sufficient capital in advance in order to make investments when opportunities arise. They considered that the Open Offer will enable the Company to have sufficient standby capital for any future investment

opportunities which in accordance with the experience of the Directors may be so sudden and short-lived.

The Directors consider the Open Offer is an appropriate method to raise capital as the Open Offer will allow Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company. The Directors further consider that the Open Offer will not only enlarge the capital base of the Company but also allow the Shareholders to participate in the growth of the Company, and therefore the Open Offer is in the interests of the Company and the Shareholders as a whole.

Shareholding structure

	Scenario 1		Scenario 2		Scenario 3	
	Shares	%	Shares	%	Shares	%
Principal Shareholder (and its nominees)	17,924,000	22.405	107,544,000	22.405	107,544,000	22.405
Baron Capital and its associates	15,996,000	19.995	95,976,000	19.995	95,976,000	19.995
Ip Ki Cheung	15,436,000	19.295	92,616,000	19.295	15,436,000	3.216
Cheng Fat Ning, Lenda	14,396,000	17.995	86,376,000	17.995	14,396,000	3.00
Public	16,248,000	20.310	97,488,000	20.310	16,248,000	3.385
Sub-underwriters	–	–	–	–	230,400,000	47.999
Total	<u>80,000,000</u>	<u>100</u>	<u>480,000,000</u>	<u>100</u>	<u>480,000,000</u>	<u>100</u>

Scenario 1: Shareholding as at the date hereof.

Scenario 2: Shareholding immediately after the completion of the Open Offer (assuming all Qualifying Shareholders (including the Principal Shareholder through its nominees and the associates of Baron Capital) take up their respective entitlements to the Offer Shares).

Scenario 3: Shareholding immediately after the completion of the Open Offer (assuming no acceptance are made by the Qualifying Shareholders with the exception of the Principal Shareholder (through its nominees) to the Open Offer, and assuming all the Offer Shares (save and except for the Offer Shares undertaken to be procured for Subscription by the Principal Shareholder)

are taken up by Baron Capital and sub-underwriters as a result of underwriting). Baron Capital and its associates are interested in 19.995% in aggregate of the entire issued share capital of the Company (being 15,996,000 Shares) as at the date of this Announcement. Either the associates of Baron Capital will subscribe or Baron Capital will underwrite the assured entitlement of the Offer Shares to the associates of the Baron Capital under the Open Offer such that upon completion of the Open Offer, the aggregate shareholding of Baron Capital and its associates will remain to be 19.995% (being 95,976,000 Shares) of the enlarged issued share capital of the Company.

Pursuant to the Underwriting Agreement, Baron Capital has entered into sub-underwriting agreements with the sub-underwriters who had committed to sub-underwrite the remaining 230,400,000 Offer Shares. Upon completion of the Open Offer, each sub-underwriter will not alone or together with persons acting in concert with it hold or become interested in 10% or more of the issued share capital of the Company as enlarged by the Open Offer. The sub-underwriting participation by the sub-underwriters is conditional, among others, the underwriting agreement becoming unconditional and not being terminated in accordance with its terms.

Baron Capital and its associates are connected persons of the Company pursuant to the definitions of the Listing Rules. Save that (1) Baron Capital and its associates together hold 19.995% of the entire issued share capital of the Company; (2) Baron Capital is a fellow subsidiary of BAML, the investment manager of the Company; and (3) since the listing of the shares of the Company on the Stock Exchange, Mr. Wan Chuen Hing, Alexander, is an executive director of the Company. Mr. Wan Chuen Hing, Alexander is the brother of Mr. Wan Chuen Chung, Joseph, the ultimate beneficial shareholder of Baron Capital and BAML, Baron Capital and the sub-underwriters are independent of, not connected with and not acting in concert with any directors, chief executives, substantial shareholders of the Company and/or its subsidiaries or any of their respective associates.

Upon completion of the Open Offer, no Shareholder alone or together with persons acting in concert with it will hold 30% or more of the voting rights of the Company.

Warning of the risks of dealing in Shares

Shares will be dealt with on an ex-entitlements basis from 6 April, 2004. If Baron Capital terminate the Underwriting Agreement, or the conditions of the Open Offer are not fulfilled, the Open Offer will not proceed. Any person dealing in the ex-entitlement Shares will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.

Any Shareholder or other person contemplating selling or purchasing Shares during such period who is in any doubt about his/her position is recommended to consult his/her own professional adviser.

Expected timetable:

	2004
	<i>Mar</i>
Despatch of Circular	Monday 22
	<i>Apr</i>
Last day of dealings in Shares on a cum-entitlement basis	Friday 2
Commencement of Shares on an ex-entitlement basis	Tuesday 6
Latest time for return of proxy form for EGM (not less than 48 hours)	10:00 a.m., Tuesday 6
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:00 p.m., Wednesday 7
Expected date of EGM	10:00 a.m., Thursday 8
Register of members closes (both days inclusive)	Thursday to Tuesday 8 to 13
Despatch of Open Offer Documents	Tuesday 13

Record Date Tuesday 13

Register of members re-open Wednesday 14

Latest time for acceptance of Offer Shares and payment 4:00 p.m., Friday 30

May

Latest time for Baron Capital to terminate
the Underwriting Agreement 4:00 p.m., Wednesday 5

Announcement of the results of the Open Offer
to be published..... Friday 7

Share certificates for Offer Shares to be posted on or before Monday 10

Commencement of trading in fully-paid Offer Shares Wednesday 12

Dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Open Offer is indicative only and may be exercised or varied by agreement between the Company and Baron Capital. Any consequential changes to the expected timetable will be published or notified to Shareholders appropriately.

(2) RENEWAL OF GENERAL MANDATES

Ordinary resolutions will be proposed at the EGM to grant new general and unconditional mandates to the Directors to exercise the powers of the Company to allot and issue new Shares (the “Issue Mandate”), to repurchase Shares (the “Repurchase Mandate”) and to extend the Issue Mandate by an amount representing the aggregate nominal value of the Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate. Further details will be disclosed in the Circular.

The existing general mandates for the issue and repurchase of Shares approved by the Shareholders in the annual general meeting of the Company on 30 April, 2003 will be replaced by the proposed Issue Mandate and Repurchase Mandate, if approved by the Shareholders at the EGM. As at the date of this announcement, 80,000,000 Shares have been issued and no Shares have been repurchased under such general mandates approved on 30 April, 2003.

SUSPENSION AND RESUMPTION OF TRADING IN SECURITIES

Trading in the Shares was suspended from 9:30 a.m. on 26 February, 2004 at the request of the Company pending the release of this announcement. Application has been made for trading in the Shares to resume at 9:30 a.m. on 5 March, 2004.

GENERAL

The Circular together with a notice of the EGM to approve (i) the Open Offer and (ii) the grant of the General Mandates will be despatched to the Shareholders on or before 22 March, 2004.

The Open Offer Documents containing further information of the Open Offer will be despatched to Qualifying Shareholders as soon as practicable after the EGM and the Prospectus will be despatched to the Overseas Shareholders for information purposes only.

The release of this announcement does not necessarily indicate that the Open Offer will be successfully implemented and completed as the conditions precedent to the Open Offer may or may not be fulfilled or otherwise waived. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acceptance Date”	the last date for the acceptance of, and payment for, the Offer Shares
“Application Form”	the form of application for the Offer Shares enclosed with the Prospectus sent to the Qualifying Shareholders
“associate(s)”	has the meaning given to it in the Listing Rules
“BAML”	Baron Asset Management Limited, a limited liability company incorporated in Hong Kong and a licensed corporation perform Type 4 and Type 9 regulated activities under the Securities and Futures Ordinance and the investment manager of the Company

“Baron Capital”	Baron Capital Limited, a limited liability company incorporated in Hong Kong and a licensed corporation to perform Type 1 and Type 6 regulated activities under the Securities and Futures Ordinance of Hong Kong and the underwriter of the Open Offer
“business day”	a day, other than a Saturday, on which banks in Hong Kong are open for business
“Circular”	the circular to be despatched to the Shareholders containing, among others, further information in respect of the Open Offer and the grant of the General Mandates
“Companies Act”	the Companies Law of the Cayman Islands (as amended)
“Companies Ordinance”	Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“Company”	China Investment Fund Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange under Chapter 21 of the Listing Rules
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company expected to be held on 8 April, 2004 at which, among other things, resolutions will be proposed to consider and, if thought fit, approve the Open Offer and the grant of the General Mandates
“General Mandates”	the Issue Mandate and the Repurchase Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a new general and unconditional mandate proposed to be granted to the Directors to exercise the powers of the Company to allot and issue new Shares pursuant to the Listing Rules

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Offer Shares”	400,000,000 new Shares proposed to be offered to Qualifying Shareholders to subscribe pursuant to the Open Offer
“Open Offer”	the proposed open offer of 5 Offer Shares for every 1 Share to Qualifying Shareholders on the Record Date
“Open Offer Documents”	the Prospectus and the Application Form
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such register are outside Hong Kong
“PRC”	the People’s Republic of China
“Principal Shareholder”	Cosmopolitan International Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Prospectus”	a prospectus containing the details of, among other things, the Open Offer
“Prospectus Posting Date”	the date of posting of the Open Offer Documents, which is expected to be on 13 April, 2004
“Qualifying Shareholder(s)”	Shareholder(s) who, on the Record Date, has/have address (es) in Hong Kong on the register of members of the Company
“Record Date”	13 April, 2004, being the date by reference to which entitlements to the Open Offer are expected to be determined
“Resolution”	the resolution to be proposed at the EGM for the approval of the Open Offer set out in the notice of the EGM contained in the Circular

“Repurchase Mandate”	a new general and unconditional mandate proposed to be granted to the Directors to exercise the powers of the Company to repurchase Shares pursuant to the Listing Rules
“SFC”	The Securities and Futures Commission
“Share(s)”	shares of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.125 per Offer Share pursuant to the Open Offer
“subsidiary”	has the meaning given to it under the Companies Ordinance
“Underwriting Agreement”	the underwriting agreement dated 26 February, 2004 entered into between, among others, Baron Capital and the Company in relation to the underwriting of the Open Offer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
China Investment Fund Company Limited
Wan Chuen Hing, Alexander
Executive Director

Hong Kong, 4 March, 2004

Please also refer to the published version of this announcement in The Standard.