CIC
China Investment Corporation

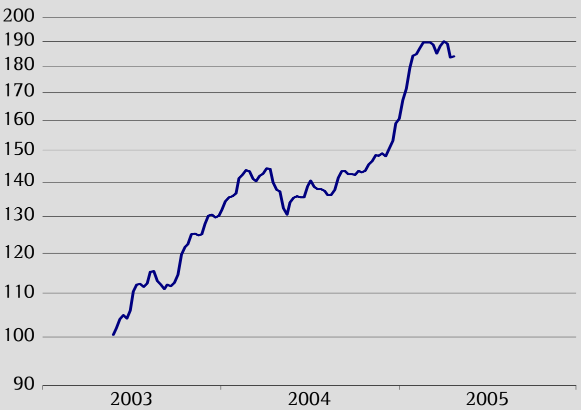
Newsletter April 2005

- Interest rate fears and weaker commodity prices dent sentiment
- China's economy shows no signs of slowing
- China Fire Safety cooperates closely with UTC and Morita
- Glorious Sun's net profit increases 33 percent
- IDT issues profit warning

Figures as of April 30, 2005

Net Asset Value
Per Share: USD 184.00
Market Capitalization: USD 8.0 million

Share Price in USD Since May 27, 03



Performance

Apr	YTD	1 Y	May 27, 03
(1.6%)	15.7%	33.7%	84.0%

Largest Holdings

Ports Design	16.3%
Lung Kee	15.4%
Fu Ji Catering	14.4%
China Fire Safety	6.2%
Hopewell Highway	6.1%
Weifu High Tech	5.0%

Exposure

Consumer Discretionary	31.2%
Industrials	31.2%
Consumer Staples	14.4%
Other	6.1%
Utilities	3.7%
Health Care	2.4%
Cash	11.0%

Rising interest rates and weakening commodity prices dampened sentiment for China shares in April. However, losses for shares in Shanghai and Shenzhen as well as the commodity heavy China shares listed in Hong Kong remained limited. Share prices of most of the portfolio's holdings declined in April, with notable loser Tong Ren Tang, while Wei Fu and Glorious Sun gained strongly following positive earnings results. We sold the portfolio's IDT holdings.

China's economy expanded a stronger than expected 9.5 percent in the fourth quarter of 2004 suggesting no significant slowdown. Fixed asset investment of 23 percent will hardly help contain the bottlenecks in electricity supply and transport. Exports rose 35 percent. During the first quarter, industrial production increased by 16 percent. However, consumer prices rose only 2.8 percent in the first quarter, well within the government target of 4 percent.

China Fire Safety's (CFS) close cooperation with United Technologies Corporation (UTC) and Morita are likely to drive its expansion going forward. We met the management of CFS this month which confirmed that CFS and UTC will expand into the fast growing market for fire prevention systems in China. So far, CFS has built a presence in Jiangxi and Beijing on its own while UTC will transfer know-how and management to speed up the coverage across the nation. CFS's partnership with Morita, the leading fire engine manufacturer in Japan, will become another growth driver as the Chinese government already announced plans for a massive upgrade of the country's fire prevention standards.

Glorious Sun reported net profit of HKD 220 million for 2004, an increase of 33 percent. Turnover was HKD 3.58 billion, an increase of 8 percent. The strong performance was driven by its retail operations in China and Australia as operating profit increased by 33 and 24 percent respectively. The strong performance of the retail operations offset weaker garment exports. Going forward, the group plans to open more than 200 outlets in 2005, most of them in China, to expand its network of outlets to 1'500.

IDT issued a profit warning alerting the public to the possibility of a loss to be recorded in the quarter ended March 31, 2005. The main reason is a contraction in margins as selling prices are declining while component costs remain high. Oregon Scientific sales in Europe also slowed down but fixed and operating expenses increased as the company continues to invest in its distribution network. The management further pointed out the chance of another loss making quarter. In view of the uncertainties we expect a de-rating of the stock thus sold our holdings.

General Information

Legal Nature	Trust account, CSPB Singapore
Security	Phantom shares

Trading	Daily, based on NAV
Dilution Levy	0.7%
Trading Fee	0.5%
Management Fee	1%
Performance Fee	20% above 8% hurdle rate, high water mark

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Investment Rationale

Since Deng Xiao-ping succeeded Mao towards the end of the 1970s, economic development has taken center stage in China. Market-oriented reforms and decentralized decision making were introduced at the Party Congress in 1978. Over the last decade the shift from communist dogmatism to economic pragmatism has become deeply entrenched. As a consequence, China has become the fastest growing region in the world attracting substantial foreign investments and developing into the world's manufacturing hub. Furthermore, an increasing middle class is fuelling demand for consumer products. The growth momentum is set to continue as China strives to catch up with mature economies, producing attractive investment opportunities. China Investment Corporation ("CIC") is managed with a view to careful selection and trading of its portfolio companies. In order to mitigate the risks invariably associated with young and fast growing economies, CIC emphasizes quality in all its aspects. CIC is designed to provide investors with a conservative and liquid equity exposure to a part of the world that is gradually gaining in importance.

The Fund

CIC is a trust account in the name of HSZ Limited with the Singapore Branch of Credit Suisse Private Banking and was set up on May 27, 2003. Phantom shares are issued and redeemed daily based on CIC's net asset value. It is planned to incorporate CIC upon reaching net assets of approximately USD 10 million.

Investment Strategy

The objective is to create sustained shareholder value by acquiring and managing equity and equity-linked investments in a select number of high-quality companies that have a significant exposure to China, regardless of the listing location. Companies with significant China exposure generate at least 50 percent of their revenues and/or have at least 50 percent of their manufacturing capacity in China. Based on fundamental analysis and a bottom up approach, investment opportunities are identified that are assessed to provide above-average return on invested capital, have strong earnings per share growth and are priced attractively. Investments by CIC in any single company may not exceed 20 percent of CIC's assets upon the date of purchase and 10 percent of a company's capital. No debt financing is employed. Derivatives are used, however with moderation.

The Manager

HSZ Group is a global investment management company with a special interest in Asia. The company is majority owned by its four partners and employs a total staff of thirteen in Hong Kong, Singapore and Zurich. The team has managed Asian equity portfolios since 1994.