CIC
China Investment
Corporation

Newsletter June 2005

- China shares rebound in June
- Economic data suggests further growth
- Fu Ji Food and Catering doubles profit
- Roly's growth momentum disappoints
- Impact of tariff and tax cuts minimal for Hopewell Highway

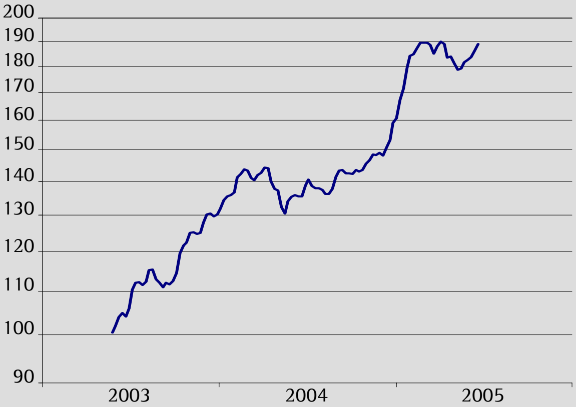
Figures as of June 30, 2005

Net Asset Value

Per Share: USD 186.4

Market Capitalization: USD 8.7 million

Share Price in USD Since May 27, 03



Performance

June	YTD	1 Y	May 27, 03
2.4%	17.2%	35.6%	86.4%

Largest Holdings

Fu Ji Food	15.0%
Ports Design	14.9%
Lung Kee	14.7%
Sim Technology	11.4%
China Fire Safety	7.5%
Hopewell Highway	5.7%

Exposure

Consumer Discretionary	35.7%
Industrials	26.5%
Consumer Staples	15.0%
Other	11.0%
Utilities	3.7%
Health Care	2.6%
Cash	5.5%

China shares rebounded in June, particularly driven by the strong performance of energy related stocks. The performance of shares listed on the Shanghai and Shenzhen stock exchanges was less pronounced as uncertainties regarding the sell-off of government owned shares, so far non-tradeable, continue to weigh on market sentiment. During the month, we participated in the successful IPO of Bank of Communications and trimmed our position in Fu Ji Food and Catering.

Economic data released for the month of May suggests strong economic growth momentum in China. Increasing by 14.6 and 12.6 percent on a year-on year basis, money supply and loan growth was in line with government targets and recent months' data. Retail sales rose by 12.8 percent and industrial output increased by 16.6 percent. Export growth was strong at 30 percent, while import growth slowed to 16 percent. Inflation remained well in check, with the CPI index only up 1.8 percent.

Fu Ji Food and Catering doubled net profit to CNY 165 million on the back of an 80 percent growth in turnover to CNY 455 million for the year ended March 31, 2005. The company's first centralized processing centre was launched in April 2004, which increased the average daily output to over 100'000 meal sets from 40'000 a year ago. The operating margin improved 3.4 percentage points to 44.4 percent as the catering business increased by 13 percent to 52 percent of turnover.

Roly reported 4 percent growth in pre-exceptional profit to USD 18 million for the year ended April 30, 2005. Turnover increased by 41 percent to USD 194 million due to acquisitions. Linmark, which accounts for 81 percent of Roly's operating profit, reported flat earnings as positive results from value added services were offset by declining prices. Roly's licensing and distribution business accounted for a small profit thanks to restructuring efforts. However, its home lifestyle products business declined by 40 percent as the US market remained weak. Due to a USD 6.5 million exceptional gain reported in the previous year, net profit decreased 48 percent to USD 8 million.

The impact of tariff and tax cuts is likely to be minimal for Hopewell Highway Infrastructure. The central government ordered Hopewell and other toll road companies in China to cut tariffs for heavy duty trucks while at the same time reducing business tax with effect from June 1, 2005. As heavy duty vehicles account for 4 percent of the traffic, we expect the tariff reduction to lead to a 1 percent drop in revenue, which should be offset by the 2 percent tax cut.

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 centre 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 an investment management company with offices in Hong Kong, Singapore and Zurich. The company is majority owned by its four partners and employs a total staff of fifteen. The team has managed Asian equity portfolios since 1994.