CIC
China Investment Corporation

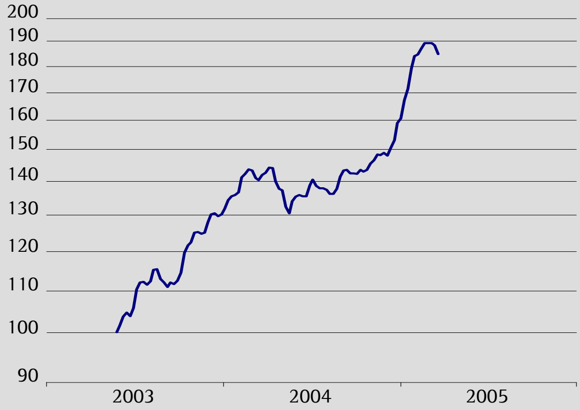
Newsletter March 2005

- Interest rate fears hit China shares
- Beijing Capital Land reports disappointing results
- Ports Design's net profit increases by 28 percent
- China Fire Safety's better results driven by installation revenue
- Bosch's China partner Weifu added to portfolio

Figures as of March 31, 2005

Net Asset Value
Per Share: USD 186.96
Market Capitalization: USD 7.7 million

Share Price in USD Since May 27, 03



Performance

Mar	YTD	1 Y	May 27, 03
(1.6%)	17.6%	29.5%	87.0%

Largest Holdings

Ports Design	17.9%
Fu Ji Catering	16.2%
Lung Kee	12.6%
China Fire Safety	6.6%
Hopewell Highway	6.4%
Weifu High Tech	4.7%

Exposure

Consumer Discretionary	28.0%
Industrials	23.9%
Consumer Staples	16.2%
Other	6.4%
Utilities	4.4%
IT	2.7%
Health Care	2.5%
Cash	15.9%

China shares declined in March as higher inflation numbers triggered fears of interest rate increases. Shares in Shanghai and Shenzhen declined by 10 percent, Hong Kong listed China shares were down 5 percent. CIC's NAV monthly decline was the first after nine consecutive increases and was disappointing to us, given that the largest holding Ports Design was up 10 percent. The main reason was our ill-timed entry into property stocks, which suffered most during the month. We decided to reduce the portfolio's Beijing Capital Land position. However, we still believe in the long term structural demand for property in China and will increase our position once sentiment shows signs of stabilization.

Beijing Capital Land reported net profit of CNY 283 million for the year 2004, an increase of 11 percent. Turnover was CNY 1.6 billion, a decline of 15 percent, due to a slowdown in property sales in the second half as the government launched some measures to cool the property market. During the year, contracted sales in terms of gross floor area were 370'000 square meters, an increase of 7 percent. The group plans to sell 397'000 square meters in 2005.

Ports Design's net profit increased 28 percent to CNY 137 million in 2004. Sales were up 22 percent to CNY 714 million. The number of stores increased 10 percent to 299 by the end of 2004. Retail prices increased 7.5 percent. Same-store-sales were up 22 percent. The gross margin expanded 3.5 percentage points to 61.1 percent. Operating and net margin expanded by a lesser extent due to higher administrative costs after the company went public and higher depreciation charges on store expansion.

Higher installation revenue led to a 72 percent increase in China Fire Safety's (CFS) turnover to CNY 486.7 million in 2004 or 47 percent of total. Sales of fire fighting and prevention equipment was up 12 percent to 42 percent of total. Net profit was up 16 percent to CNY 129 million as installation revenue is a lower margin business. The results were better than the company's guidance.

Weifu High Tech (Weifu), listed on Shenzhen's B-share market, was added to the portfolio. Weifu makes injection parts for diesel and gasoline engines mainly used in heavy duty vehicles, with a market share of 50 percent. Bosch, which cooperates with Weifu since the 1980s, holds a 4.6 percent stake in the company. In 2004, Weifu and Bosch formed a joint venture to produce Euro III standard diesel engine injection parts in response to Beijing's promotion of environmentally friendly engines. Weifu's revenue has grown at a compound rate of 24 percent between 2001 and 2003 to CNY 1.5 billion, while profit grew by 26 percent to CNY 238 million.

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.