CIC
China Investment Corporation

Newsletter November 2005

- China shares rebound in November
- Fu Ji Food and Catering's net profit increases 63 percent
- Shui On prepares spin-off of associate company
- Revenue slowdown of Hopewell Highway expected to be temporary
- IDS management confirms 3-year plan

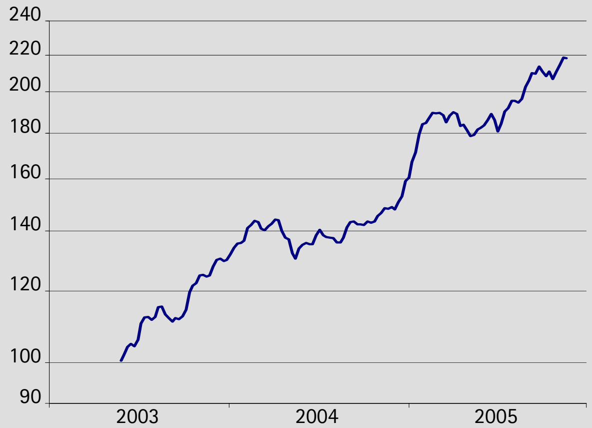
Figures as of November 30, 2005

Net Asset Value

Per Share: USD 219.04

Market Capitalization: USD 14.6 million

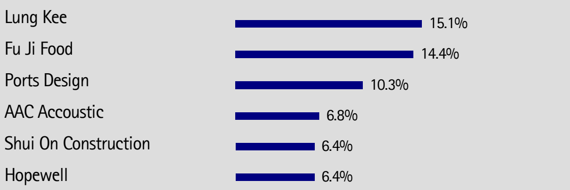
Share Price in USD since May 27, 03



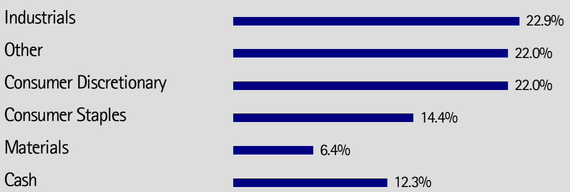
Performance

Nov	YTD	1 Y	May 27, 03
5.9%	37.7%	48.2%	119.0%

Largest Holdings



Exposure



China shares rebound in November, driven by confirmation of continuous strong economic growth and the ongoing decline in oil prices. Bird flu fears, for once, have moved to the background. The strong portfolio performance in November was driven by the two large holdings Fu Ji Food and Catering and Ports Design as well as some of the smaller positions, with Shui On's share price gain of over 25 percent standing out. During the month, we sold the portfolio's position in Tong Ren Tang as we are concerned that earnings might decline next year. We added to the portfolio's positions in Shui On, Pico and AAC Acoustic.

For the 6 months ended September 30, 2005, Fu Ji Food and Catering reported 66 percent and 63 percent increases year-on-year in turnover and net profit to CNY 324 million and CNY 114 million respectively. Sales of catering services and restaurants were up 136 percent and 9 percent respectively to 66 percent and 29 percent of total. Operating margin declined 1.6 percentage points to 42.4 percent as the company gave discounts to high-volume orders and due to startup costs on expanded capacity. We expect the strong momentum to continue on the back of a well executed expansion plan and prudent financial management.

Shui On Construction is preparing the spin-off of its 21 percent owned Shui On Land, which is now the sole vehicle for its property business in China. The expected timing of the spin-off is within the first quarter of 2006. While we believe the market is now gradually pricing in the value of the company's stake in Shui On Land, the improving performance of the cement operation is still neglected in our view, thus retain our positive outlook for the counter.

During October 2005, Hopewell Highway reported a dip in revenue growth at its Guangzhou-Shenzhen Superhighway to 6 percent year-on-year from 11 percent for the first 10 months in 2005. The toll road accounts for 85 percent of total revenue. The main reason was the lower proportion of truck traffic which yields higher tariffs. After our recent meeting with the management, we believe the slowdown to be temporary and remain positive on the company's long term prospects on the back of strong economic growth of the Pearl River Delta region.

In a recent meeting with Integrated Distribution Services (IDS), management confirmed that it is on track to meet its 3-year plan of doubling net profit. IDS is moving into new services such as exports logistics, regional hub service and credit and cash management as well as expanding into new markets such as the Philippines. On potential acquisitions, the management said there are several deals in the pipeline that may reach fruition in 6 to 12 months' time.

General Information

Legal Nature	Trust account, CSPB Singapore
Security	Phantom shares
Bloomberg	CHININC SP <Equity>
Valor	2233619

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 fourteen. The team has managed Asian equity portfolios since 1994.