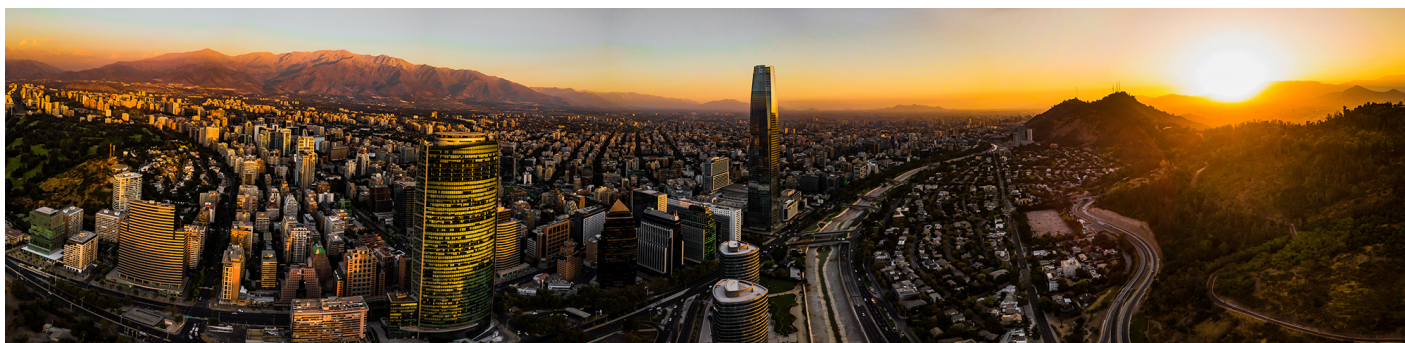




China Investment Corporation



Full Member

Incorporation and purpose

China Investment Corporation (CIC) was established on September 29, 2007, by the Chinese government in compliance with the Company Law of the People's Republic of China. It is wholly owned by the Chinese government and has its own corporate entity status. The purpose of the CIC is to maximise return at acceptable risk tolerance and improve the corporate governance of key state-owned financial institutions.

Source of funds

CIC's capital is funded through issuing special treasury bonds. With the approval of the Standing Committee of the 10th National People's Congress, the Ministry of Finance issued Y1.55 trillion special treasury bonds and used raised funds to purchase foreign reserves (US\$200 billion) to be injected into CIC as its registered equity capital. CIC has to pay dividends to the State Council as its owner, to cover the cost of these special treasury bonds.

Governance arrangements

As required by the Company Law, CIC has been working on its internal institutional setting and governance structure. It has established a Board of Directors, Supervisory Board, and management team. The appointment and dismissal of Board directors should be approved by the State Council. The chairman and vice chairman of the Board are appointed by the State Council. CIC's development strategies and operational and investment guidelines are determined by the Board of Directors. Responsibilities and accountabilities within the CIC, across departments and desks, are clearly defined.

Reporting and auditing

CIC's implementing performance and accounting are reported to the Board and are subject to the scrutiny by the Supervisory Board. The Internal Audit Department carries out independent audits. The audit reports shall be approved by the Chairman of the Supervisory Board. CIC is subject to financial supervision by the Ministry of Finance and periodic external auditing by the National Audit Office.

Investment objectives and risk management

CIC's investment objectives are first, to invest in a diversified portfolio of overseas financial instruments, to maximize long-term returns on CIC's capital; and second, to recapitalize domestic financial institutions as a shareholder abiding by relevant laws in order to maintain and increase the value of state-owned financial assets in its wholly owned subsidiary – Central Huijin.

CIC focuses its overseas investment mainly on equity, fixed-income, and alternative assets. CIC will allocate assets prudently and effectively at acceptable risk tolerance.

CIC has established its preliminary system of investment decision-making, internal control, and risk monitoring and management. CIC has established a risk management structure in order to ensure legitimate, compliant, sound, and prudent operation.

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