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KOREA FUND INC  
Form N-PX  
August 27, 2014

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM N-PX

ANNUAL REPORT OF PROXY VOTING RECORD OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

INVESTMENT COMPANY ACT FILE NUMBER: 811-04058

THE KOREA FUND, INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

1633 BROADWAY, NEW YORK, NY 10019  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICE)

ALLIANZ GLOBAL INVESTORS FUND MANAGEMENT LLC  
1633 BROADWAY  
NEW YORK, NY 10019  
(NAME AND ADDRESS OF AGENT FOR SERVICE)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: 212-739-3000

DATE OF FISCAL YEAR END: JUNE 30

DATE OF REPORTING PERIOD: JULY 1, 2013 THROUGH JUNE 30, 2014

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ITEM 1. PROXY VOTING RECORD

Item 1: Proxy Voting Record - Item1 Proxy Voting Record -

Registrant : The Korea Fund, Inc.

Fund Name : The Korea Fund, Inc.

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Cheil Worldwide Inc.					
Ticker	Security ID:	Meeting Date	Meeting Status		
030000	CINS Y1296G108	03/14/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements and	Mgmt	For	For	For

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Allocation of  
Income

2	Re-elect Kim Chun-Soo as Inside Director	Mgmt	For	For	For
3	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For
4	Authorize Board to Fix Remuneration of Internal Auditor	Mgmt	For	For	For

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CJ Hellovision Co. Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status		
037560	CINS Y9T24Z107	08/23/2013	Voted		
Meeting Type		Country of Trade			
Special		South Korea			
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt

1	Reelect Byun Dong-Sik as CEO	Mgmt	For	For	For
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CJ O Shopping Co Ltd

Ticker	Security ID:	Meeting Date	Meeting Status		
035760	CINS Y16608104	03/21/2014	Voted		
Meeting Type		Country of Trade			
Annual		South Korea			
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt

1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 2,000 per Share	Mgmt	For	For	For
2.1	Reelect Lee Hae-Sun as Inside Director	Mgmt	For	For	For
2.2	Elect Byun Dong-Sik as Inside Director	Mgmt	For	For	For
2.3	Elect Huh Min-Hoe as Inside Director	Mgmt	For	For	For

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2.4	Elect Huh Hoon as Inside Director	Mgmt	For	For	For
2.5	Reelect Kim Jae-Chun as Outside Director	Mgmt	For	For	For
3	Elect Kim Jae-Chun as a Member of Audit Committee	Mgmt	For	For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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Coway Co. Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status		
021240	CINS Y1786S109	03/21/2014	Voted		
	Meeting Type	Country of Trade			
	Annual	South Korea			
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 1,660 per Share	Mgmt	For	For	For
2	Approve Stock Option Grants For Board Directors	Mgmt	For	For	For
3	Approve Stock Option Grants For Executives	Mgmt	For	For	For
4	Amend Articles of Incorporation	Mgmt	For	For	For
5	Reelect Two Outside Directors (Bundled)	Mgmt	For	For	For
6	Approve Total Remuneration of Inside Directors and Outside Director	Mgmt	For	For	For
7	Authorize Board to Fix Remuneration of Internal Auditor	Mgmt	For	For	For

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Daewoo International Corp.					
Ticker	Security ID:	Meeting Date	Meeting Status		
047050	CINS Y1911C102	03/17/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 300 per Share	Mgmt	For	For	For
2	Reelect Jeon Byung-Il as Inside Director	Mgmt	For	For	For
3	Elect Choi Jung-Woo as Inside Director	Mgmt	For	For	For
4	Reelect Jang In-Hwan as Non-independent Non-executive Director	Mgmt	For	For	For
5	Reelect Shin Jae-Hyun as Outside Director	Mgmt	For	For	For
6	Reelect Kim Young-Gul as Outside Director	Mgmt	For	For	For
7	Reelect Shin Jae-Hyun as Member of Audit Committee	Mgmt	For	For	For
8	Reelect Kim Young-Gul as Member of Audit Committee	Mgmt	For	For	For
9	Elect Yoo Chang-Moo as Member of Audit Committee	Mgmt	For	For	For
10	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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Dong-A Socio Holdings Co Ltd		Meeting Date		Meeting Status	
Ticker	Security ID:	03/21/2014		Voted	
000640	CINS Y20949106	Country of Trade			
Meeting Type		South Korea			
Annual					
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Disposition of Loss, and Dividend of KRW 1,000 per Share	Mgmt	For	For	For
2.1	Reelect Kang Jung-Suk as Inside Director	Mgmt	For	For	For
2.2	Reelect Kim Jin-Ho as Non-independent Non-executive Director	Mgmt	For	For	For
3.1	Appoint Yoo Jong-Sik as Internal Auditor	Mgmt	For	For	For
3.2	Appoint Han Suk-Gyu as Internal Auditor	Mgmt	For	Against	Against
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	Against	Against
5	Authorize Board to Fix Remuneration of Internal Auditors	Mgmt	For	For	For

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Dong-A ST Co. Ltd.		Meeting Date		Meeting Status	
Ticker	Security ID:	03/21/2014		Voted	
170900	CINS Y2R94V116	Country of Trade			
Meeting Type		South Korea			
Annual					
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Disposition of Loss, and Dividend of KRW 250 per Share	Mgmt	For	For	For
2	Amend Articles of	Mgmt	For	For	For

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Incorporation

3.1	Elect Ahn Byung-Ok as Inside Director	Mgmt	For	For	For
3.2	Elect Woo Byung-Chang as Outside Director	Mgmt	For	For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For
5	Authorize Board to Fix Remuneration of Internal Auditor	Mgmt	For	Against	Against

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Grand Korea Leisure Co Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status		
114090	CINS Y2847C109	05/08/2014	Voted		
Meeting Type	Country of Trade				
Special	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Appoint Park Seung-Koo as Internal Auditor	Mgmt	For	For	For

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Hana Financial Group Inc.

Ticker	Security ID:	Meeting Date	Meeting Status		
086790	CINS Y29975102	03/21/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements	Mgmt	For	For	For
2	Approve Appropriation of Income and Dividend of KRW 250 per Share	Mgmt	For	For	For
3	Amend Articles of Incorporation	Mgmt	For	For	For
4.1	Elect Five Outside Directors (Bundled)	Mgmt	For	For	For
4.2	Elect Five Members of Audit Committee	Mgmt	For	For	For

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5	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For
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Hankook Tire Co., Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status		
161390	CINS Y3R57J108	03/28/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 400 per Share	Mgmt	For	For	For
2	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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Hotel Shilla Co.

Ticker	Security ID:	Meeting Date	Meeting Status		
008770	CINS Y3723W102	03/14/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 150 per Share	Mgmt	For	For	For
2	Reelect Two Inside Directors (Bundled)	Mgmt	For	For	For
3	Approve Total Remuneration of Inside	Mgmt	For	For	For

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Directors and Outside  
Directors

4	Authorize Board to Fix Remuneration of Internal Auditor	Mgmt	For	For	For
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Hyundai Department Store Co.

Ticker	Security ID:	Meeting Date	Meeting Status		
069960	CINS Y38306109	03/21/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt

1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 650 per Share	Mgmt	For	For	For
2	Elect Three Inside Directors and Three Outside Directors (Bundled)	Mgmt	For	For	For
3	Elect Two Members of Audit Committee	Mgmt	For	For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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Hyundai Engineering & Construction Co Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status		
000720	CINS Y38382100	03/14/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt

1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 500 per Share	Mgmt	For	For	For
2	Elect Four Outside Directors (Bundled)	Mgmt	For	For	For
3	Elect Four Members of Audit Committee	Mgmt	For	For	For

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4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For
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Hyundai Glovis Co.

Ticker	Security ID:	Meeting Date	Meeting Status		
086280	CINS Y27294100	03/21/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt

1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 1,500 per Share	Mgmt	For	For	For
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2	Elect Han Yong-Bin as Inside Director	Mgmt	For	For	For
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3	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For
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Hyundai Green Food Co Ltd

Ticker	Security ID:	Meeting Date	Meeting Status		
005440	CINS Y3830W102	03/28/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt

1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 50 per Share	Mgmt	For	For	For
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2	Elect Four Inside Directors and One Outside Director (Bundled)	Mgmt	For	For	For
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3	Reelect Park Sun-Gyu as Member of Audit Committee	Mgmt	For	For	For
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4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For
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5	Amend Articles of Incorporation	Mgmt	For	For	For
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Hyundai Home Shopping Network Corporation

Ticker	Security ID:	Meeting Date	Meeting Status
057050	CINS Y3822J101	03/21/2014	Voted

Meeting Type	Country of Trade
Annual	South Korea

Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
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1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 1,100 per Share	Mgmt	For	For	For
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2	Amend Articles of Incorporation	Mgmt	For	For	For
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3.1	Elect Two Inside Directors (Bundled)	Mgmt	For	For	For
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3.2	Reelect Kim Jung-Min as Outside Director	Mgmt	For	For	For
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4	Reelect Kim Jung-Min as Member of Audit Committee	Mgmt	For	For	For
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5	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For
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Hyundai Motor Co.

Ticker	Security ID:	Meeting Date	Meeting Status
005380	CINS Y38472109	03/14/2014	Voted

Meeting Type	Country of Trade
Annual	South Korea

Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
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1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 1,950 per Share	Mgmt	For	For	For
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2	Reelect Jung Mong-Goo as Inside Director and Reelect Oh Se-Bin as Outside Director	Mgmt	For	For	For
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3	Reelect Oh Se-Bin as Member of Audit Committee	Mgmt	For	For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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Interpark Corporation		Meeting Date		Meeting Status	
Ticker	Security ID:	03/28/2014		Voted	
035080	CINS Y4165S104	Country of Trade			
Meeting Type		South Korea			
Annual					
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 30 per Share	Mgmt	For	For	For
2	Amend Articles of Incorporation	Mgmt	For	For	For
3	Elect Kang Dong-Hwa as Inside Director	Mgmt	For	For	For
4	Reelect Lee Sang-Gyu as Non-independent Non-executive Director	Mgmt	For	For	For
5	Elect Kim Dong-Up as Non-independent Non-executive Director	Mgmt	For	For	For
6	Reelect Hahm Joon-Ho as Outside Director	Mgmt	For	For	For
7	Elect Choi Chang-Hae as Outside Director	Mgmt	For	For	For
8	Reelect Hahm Joon-Ho as Member of Audit Committee	Mgmt	For	For	For
9	Elect Choi Chang-Hae as Member of Audit Committee	Mgmt	For	For	For
10	Approve Total Remuneration of Inside	Mgmt	For	For	For

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Directors and Outside  
Directors

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KB Financial Group Inc.		Meeting Date		Meeting Status	
Ticker	Security ID:	03/28/2014		Voted	
105560	CINS Y46007103	Country of Trade			
Meeting Type		South Korea			
Annual					
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 500 per Share	Mgmt	For	For	For
2.1	Elect Cho Jae-Ho as Outside Director	Mgmt	For	For	For
2.2	Elect Kim Myung-Jig as Outside Director	Mgmt	For	For	For
2.3	Elect Shin Sung-Hwan as Outside Director	Mgmt	For	For	For
2.4	Reelect Lee Kyung-Jae as Outside Director	Mgmt	For	For	For
2.5	Reelect Kim Young-Jin as Outside Director	Mgmt	For	For	For
2.6	Reelect Hwang Gun-Ho as Outside Director	Mgmt	For	For	For
2.7	Reelect Lee Jong-Chun as Outside Director	Mgmt	For	For	For
2.8	Reelect Koh Seung-Eui as Outside Director	Mgmt	For	For	For
3.1	Elect Shin Sung-Hwan as Member of Audit Committee	Mgmt	For	For	For
3.2	Reelect Lee Kyung-Jae as Member of Audit Committee	Mgmt	For	For	For
3.3	Reelect Kim Young-Jin as Member of Audit	Mgmt	For	For	For

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Committee

3.4	Reelect Lee Jong-Chun as Member of Audit Committee	Mgmt	For	For	For
3.5	Reelect Koh Seung-Eui as Member of Audit Committee	Mgmt	For	For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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KB Financial Group Inc.

Ticker	Security ID:	Meeting Date	Meeting Status		
105560	CINS Y46007103	07/12/2013	Voted		
Meeting Type		Country of Trade			
Special		South Korea			
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Elect Lim Young-Rok as CEO	Mgmt	For	For	For

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KCP Co.

Ticker	Security ID:	Meeting Date	Meeting Status		
060250	CINS Y7871J102	03/27/2014	Voted		
Meeting Type		Country of Trade			
Annual		South Korea			
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of 0.05 Share per Share and KRW 50 per Share	Mgmt	For	For	For
2.1	Reelect Park Jang-Yul as Inside Director	Mgmt	For	For	For
2.2	Elect Song Choong-Lyul as Inside Director	Mgmt	For	For	For
2.3	Reelect Jang Hong-Gi as Outside Director	Mgmt	For	For	For
2.4	Elect Shin Si-Hyun as Outside Director	Mgmt	For	For	For

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3	Approve Stock Option Grants	Mgmt	For	Against	Against
4	Elect Three Members of Audit Committee	Mgmt	For	For	For
5	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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Kia Motors Corporation

Ticker	Security ID:	Meeting Date	Meeting Status			
000270	CINS Y47601102	03/21/2014	Voted			
Meeting Type		Country of Trade				
Annual		South Korea				
Issue No.	Description	Proponent	Mgmt	Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 700 per Share	Mgmt	For		For	For
2	Reelect One Inside Director and Two Outside Directors (Bundled)	Mgmt	For		For	For
3	Reelect Two Members of Audit Committee	Mgmt	For		For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For		For	For

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LG Chem Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status			
051910	CINS Y52758102	03/14/2014	Voted			
Meeting Type		Country of Trade				
Annual		South Korea				
Issue No.	Description	Proponent	Mgmt	Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 4,000 per Share	Mgmt	For		For	For
2	Amend Articles of Incorporation	Mgmt	For		For	For

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3	Reelect Kim Se-Jin as Outside Director	Mgmt	For	For	For
4	Reelect Kim Se-Jin as Member of Audit Committee	Mgmt	For	For	For
5	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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LG Household & Health Care Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status		
051900	CINS Y5275R100	03/14/2014	Voted		
Meeting Type	Country of Trade	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 3,750 per Share	Mgmt	For	For	For
2.1	Elect Jung Ho-Young as Inside Director	Mgmt	For	For	For
2.2	Elect Pyo In-Soo as Outside Director	Mgmt	For	For	For
2.3	Elect Hahm Jae-Bong as Outside Director	Mgmt	For	For	For
3.1	Elect Han Sang-Lin as a Member of Audit Committee	Mgmt	For	For	For
3.2	Elect Pyo In-Soo as a Member of Audit Committee	Mgmt	For	For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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NAVER Corp.

Ticker	Security ID:	Meeting Date	Meeting Status		
035420	CINS Y62579100	03/21/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 734 per Share	Mgmt	For	For	For
2	Amend Articles of Incorporation	Mgmt	For	For	For
3.1	Reelect Kim Sang-Hun as Inside Director	Mgmt	For	For	For
3.2	Reelect Hwang In-Joon as Inside Director	Mgmt	For	For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

Nexen Tire Corp.

Ticker	Security ID:	Meeting Date	Meeting Status		
002350	CINS Y63377116	02/12/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements	Mgmt	For	For	For
2	Approve Appropriation of Income and Dividend of KRW 65 per Share	Mgmt	For	For	For
3	Re-elect Two Inside Directors and One Outside Director (Bundled)	Mgmt	For	For	For
4	Re-elect Kim, Young-Gi as Internal Auditor	Mgmt	For	For	For

OCI Company Ltd

Ticker	Security ID:	Meeting Date	Meeting Status
010060	CINS Y6435J103	03/26/2014	Voted

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Meeting Type Annual		Country of Trade South Korea			
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1.1	Approve Financial Statements and Disposition of Loss	Mgmt	For	For	For
1.2	Approve Consolidated Financial Statements and Disposition of Loss	Mgmt	For	For	For
2	Amend Articles of Incorporation	Mgmt	For	For	For
3.1	Reelect Kim Sang-Yul as Inside Director	Mgmt	For	For	For
3.2	Reelect Kim Yong-Hwan as Outside Director	Mgmt	For	For	For
3.3	Elect Ban Jang-Sik as Outside Director	Mgmt	For	For	For
4.1	Reelect Kim Yong-Hwan as Member of Audit Committee	Mgmt	For	For	For
4.2	Elect Ban Jang-Sik as Member of Audit Committee	Mgmt	For	For	For
5	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For
6	Amend Terms of Severance Payments to Executives	Mgmt	For	For	For

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Samsung Electronics Co. Ltd.

Ticker Security ID: 005930 CINS Y74718100		Meeting Date 03/14/2014		Meeting Status Voted	
Meeting Type Annual		Country of Trade South Korea			
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 13,800 per	Mgmt	For	For	For

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Share

2	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For
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Samsung Fire & Marine Insurance Co.

Ticker	Security ID:	Meeting Date	Meeting Status		
000810	CINS Y7473H108	01/28/2014	Voted		
Meeting Type	Country of Trade				
Special	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt

1	Elect Ahn, Min-Soo as Inside Director	Mgmt	For	For	For
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Samsung Fire & Marine Insurance Co.

Ticker	Security ID:	Meeting Date	Meeting Status		
000810	CINS Y7473H108	03/14/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt

1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 2,750 per Share	Mgmt	For	For	For
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2	Re-elect Shin Dong-Yeop as Outside Director	Mgmt	For	For	For
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3	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For
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Samsung Heavy Industries Co. Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status		
010140	CINS Y7474M106	03/14/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt

1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 500 per Share	Mgmt	For	For	For
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2	Elect Yoon Young-Ho as Inside Director and Shin Jong-Gye as Outside Director (Bundled)	Mgmt	For	For	For
3	Elect Kwak Dong-Hyo as Member of Audit Committee	Mgmt	For	For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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Samsung Life Insurance Co. Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status		
032830	CINS Y74860100	01/28/2014	Voted		
Meeting Type	Country of Trade				
Special	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Elect Kim, Chang-Soo as Inside Director	Mgmt	For	For	For

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Samsung Life Insurance Co. Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status		
032830	CINS Y74860100	03/14/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 850 per Share	Mgmt	For	For	For
2	Elect Two Inside Directors and Three Outside Directors	Mgmt	For	For	For
3	Elect Two Members of Audit Committee	Mgmt	For	For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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Shinhan Financial Group Co. Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status		
055550	CINS Y7749X101	03/26/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 650 per Share	Mgmt	For	For	For
2.1	Reelect Han Dong-Woo as Inside Director	Mgmt	For	For	For
2.2	Reelect Kwon Tae-Eun as Outside Director	Mgmt	For	For	For
2.3	Reelect Kim Gi-Young as Outside Director	Mgmt	For	For	For
2.4	Reelect Kim Suk-Won as Outside Director	Mgmt	For	For	For
2.5	Reelect Namgoong Hoon as Outside Director	Mgmt	For	For	For
2.6	Elect Lee Man-Woo as Outside Director	Mgmt	For	For	For
2.7	Reelect Lee Sang-Gyung as Outside Director	Mgmt	For	For	For
2.8	Elect Chung Jin as Outside Director	Mgmt	For	For	For
2.9	Reelect Hirakawa Haruki as Outside Director	Mgmt	For	For	For
2.10	Reelect Philippe Aguignier as Outside Director	Mgmt	For	For	For
3.1	Reelect Kwon Tae-Eun as Member of Audit Committee	Mgmt	For	For	For
3.2	Reelect Kim Suk-Won as Member of Audit Committee	Mgmt	For	For	For

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3.3	Elect Lee Man-Woo as Member of Audit Committee	Mgmt	For	For	For
3.4	Reelect Lee Sang-Gyung as Member of Audit Committee	Mgmt	For	For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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SK C&C Co. Ltd.

Ticker	Security ID:	Meeting Date	Meeting Status		
034730	CINS Y8066F103	03/21/2014	Voted		
Meeting Type		Country of Trade			
Annual		South Korea			
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 1,500 per Share	Mgmt	For	For	For
2	Approve Spin-Off Agreement	Mgmt	For	For	For
3.1	Reelect Jung Chul-Gil as Inside Director	Mgmt	For	For	For
3.2	Elect Park Jung-Ho as Inside Director	Mgmt	For	For	For
3.3	Elect Ahn Hee-Chul as Inside Director	Mgmt	For	For	For
3.4	Reelect Han Young-Suk as Outside Director	Mgmt	For	Against	Against
4	Elect Lee Yong-Hee as Member of Audit Committee	Mgmt	For	For	For
5	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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SK Hynix Inc.

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Ticker	Security ID:	Meeting Date	Meeting Status		
000660	CINS Y8085F100	03/21/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements and Allocation of Income	Mgmt	For	For	For
2.1	Elect Lim Hyung-Gyu as Inside Director	Mgmt	For	For	For
2.2	Elect Choi Jong-Won as Outside Director	Mgmt	For	For	For
3	Elect Choi Jong-Won as Member of Audit Committee	Mgmt	For	For	For
4	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For
5	Amend Terms of Severance Payments to Executives	Mgmt	For	For	For

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SK Telecom Co.

Ticker	Security ID:	Meeting Date	Meeting Status		
017670	CINS Y4935N104	03/21/2014	Voted		
Meeting Type	Country of Trade				
Annual	South Korea				
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 8,400 per Share	Mgmt	For	For	For
2	Amend Articles of Incorporation	Mgmt	For	For	For
3.1	Reelect Ha Sung-Min as Inside Director	Mgmt	For	For	For
3.2	Reelect Chung Jay-Young as Outside Director	Mgmt	For	For	For
3.3	Elect Lee Jae-Hoon as	Mgmt	For	For	For

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	Outside Director				
3.4	Elect Ahn Jae-Hyun as Outside Director	Mgmt	For	For	For
4	Elect Ahn Jae-Hyun as Member of Audit Committee	Mgmt	For	For	For
5	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	For

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Youngone Corp.

Ticker	Security ID:	Meeting Date	Meeting Status		
111770	CINS Y9849C102	03/14/2014	Voted		
	Meeting Type	Country of Trade			
	Annual	South Korea			
Issue No.	Description	Proponent	Mgmt Rec	Vote Cast	For/Against Mgmt
1	Approve Financial Statements, Allocation of Income, and Dividend of KRW 200 per Share	Mgmt	For	For	For
2	Amend Articles of Incorporation	Mgmt	For	For	For
3.1	Elect Lee Heung-Nam as Inside Director	Mgmt	For	For	For
3.2	Elect Lee Young-Hoe as Inside Director	Mgmt	For	For	For
3.3	Elect Yoon Je-Cheol as Outside Director	Mgmt	For	For	For
4.1	Elect Sun Joon-Young as Member of Audit Committee	Mgmt	For	For	For
4.2	Elect William E. Ferry as Member of Audit Committee	Mgmt	For	For	For
4.3	Elect Yoon Je-Cheol as Member of Audit Committee	Mgmt	For	For	For
5	Approve Total Remuneration of Inside	Mgmt	For	For	For

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Directors and Outside  
Directors

### SIGNATURES

Pursuant to the requirements of the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant): The Korea Fund, Inc.

By (Signature and Title)\*: /s/ Joseph Quirk

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Name: Joseph Quirk

Title: President and Chief Executive Officer

Date: August 27, 2014

\* Print the name and title of each signing officer under his or her signature.

; FONT-SIZE: 10pt; FONT-FAMILY: Times New Roman">Cost of sales was \$21.4 million for the six month period ended June 30, 2009, an increase of \$6.6 million or 44.2%, as compared with \$14.8 million for the six month period ended June 30, 2008. Cost of sales as a percentage of total revenues were 50.7% and 59.8% for the six month periods ended on June 30, 2009 and 2008, respectively, with a decrease of approximately 9.1%. The decrease was a result of lower production costs caused by decreased cost of raw materials and strengthened production cost control. Since the fourth quarter of 2008, the prices of raw materials went down as a result of the global financial crisis. The purchasing prices of our major raw materials, including the prices of casting steel, weld puddle, disc and rotor decreased 18% on average in the second half of 2009 as compared to the same period in 2008.

### Sales and Marketing Expenses

Sales and marketing expenses were \$2.9 million for the six month period ended June 30, 2009, compared with \$1.9 million for the period ended June 30, 2008, an increase of \$1.0 million or approximately 56.5% due to the increase of sales performance in the period. In addition, with the implementation of the strengthened cost control policy in 2009, the percentage increase of sales and marketing expenses was less than that of sales.

### General and Administrative Expenses

Our general and administrative expenses were \$11.3 million for the six month period ended June 30, 2009, compared with \$3.3 million for the period ended June 30, 2008, an increase of \$8.0 million or approximately 244.3%. Included in these expenses is a non-cash compensation charge of \$7.5 million, as discussed above. The remaining increase was primarily attributable to an increases in our auditing, accounting and legal fees related to our status as a public reporting company.

### Income From Operations

Income from operations was \$6.5 million for the six month period ended June 30, 2009, compared with \$4.7 million for the period ended June 30, 2008, a increase of \$1.8 million or approximately 38.8%. The increase was primarily attributable to the increase in sales and gross margin in the current quarter after deducting a \$7.5 million non-cash compensation expenses in the second quarter. Income from operations excluding the non-cash compensation expense for the six month period ended June 30, 2009 was \$14.0 million, compared with \$4.7 million for the period ended June 30, 2008, an increase of \$9.3 million or approximately 197.8%.

### Other income (expenses)

Total other income was \$1.0 million for the six month period ended June 30, 2009, compared with \$286,984 for the period ended June 30, 2008. The financial expenses for the six month period ended on June 30, 2009 and 2008 were \$126,152 and \$291,594, respectively.

#### Income taxes

We incurred income taxes of \$3.9 million for the six month period ended June 30, 2009. This is an increase of \$2.6 million or 202.7% from the taxes we incurred in the 2008 period, which were \$1.3 million. We incurred more taxes in the six months ended June 30, 2009 mostly because of the higher taxable income in the six month period ended on June 30, 2009 compared to 2008.

#### Net Income

We had net income of \$3.2 million for the six month period ended June 30, 2009. This is a decrease of \$250,306 or approximately 7.3% from the period ended June 30, 2008 which had a net income of \$3.4 million. The primary factor for the decrease is a non-cash compensation expense of \$7.5 million in the second quarter.

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The Company's management uses non-GAAP adjusted net income to measure the performance of the Company's business internally by excluding a non-cash compensation expense related to the Make Good Escrow Agreement. The Company's management believes that the non-GAAP adjusted financial measure allows the management to focus on managing business operating performance because the measure reflect the essential operating activities of the Company and provide a consistent method of comparison to historical periods. The Company believes that providing the non-GAAP measures that management uses internally to its investors is useful to investors for a number of reasons. The non-GAAP measures provide a consistent basis for investors to understand the Company's financial performance in comparison to historical periods without variation of non-recurring items and non-operating related charges. In addition, it allows investors to evaluate the Company's performance using the same methodology and information as that used by the management. Non-GAAP measures are subject to inherent limitations because they do not include all of the expenses included under GAAP and because they involve the exercise of judgment of which charges are excluded from the non-GAAP financial measure. However, the management compensates for these limitations by providing the relevant disclosure of the items excluded.

The following table provides the non-GAAP financial measure and a reconciliation of the non-GAAP measure to the GAAP income from operations and net income.

	Six Months Ended	
	2009	2008
Income From Operations	\$ 6,547,945	4,716,252
Add back (Deduct):		
Non-Cash Compensation Expenses	7,499,487	\$ 0
Adjusted Income From Operations	\$ 14,047,432	\$ 4,716,252
Net Income	\$ 3,180,062	\$ 3,430,368
Add back (Deduct):		
Non-Cash Change in Warrant	400,634	0
Non-Cash Compensation Expenses	7,499,487	0
Adjusted Net Income	\$ 11,080,183	\$ 3,430,368
Diluted EPS	\$ 0.11	\$ 0.17
Add back (Deduct):		
Non-Cash Change in Warrant Liabilities	0.02	0
Non-Cash Compensation Expenses	\$ 0.24	\$ 0.00
Adjusted EPS	\$ 0.35	\$ 0.17

## Liquidity and Capital Resources

As of June 30, 2009, we had cash and cash equivalents of \$19.7 million. The following table sets forth a summary of our cash flows for the periods indicated:

	Six months Ended June 30,	
	2009	2008
	(in thousands)	
Net cash (used in) / provided by operating activities	15,317	47
Net cash used in investing activities	(7,249)	(1,729)
Net cash (used in) / provided by financing activities	(4,703)	3,162
Effect of exchange rate changes on cash and cash equivalents	(97)	239

Net Increase in cash and cash equivalent	3,268	1,719
Cash and cash equivalents at the beginning of period	16,428	2,773
Cash and cash equivalents at the end of period	19,696	4,492

The Company currently generates its cash flow through operations which it believes will be sufficient to sustain the current level of operations for at least the next twelve months. In 2009, we continue to work to develop new valves and expand our presence as the leader in the development and manufacture of various valves.

#### Operating Activities

Net cash provided by operating activities was \$15.3 million in the six months ended June 30, 2009, compared with net cash provided by operating activities of \$46,743 in the same period in fiscal year 2008. The change of \$15.3 million in operating activities was primarily attributable to a \$7.5 million non-cash compensation expense accrual, increases in customer deposit and tax payable for the six months ended June 30, 2009. The Company has improved the collection of accounts receivables by implementing new sales commission policies and strengthening the collection efforts through compensating sales agents on timely collection.

#### Investing Activities

Net cash used in investing activities increased to \$7.2 million in the six months ended June 30, 2009, compared with \$1.7 million in the same period in fiscal year 2008.

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## Financing Activities

Net cash used by financing activities was \$4.7 million in the six months ended June 30, 2009, compared with net cash obtained from financing activities of \$3.2 million in the same period in fiscal year 2008. The decrease in net cash is attributable to the repayment of \$4.8 million of short term loan.

As of June 30, 2009, there was no principal outstanding under our credit facilities and lines of credit.

## Capital Expenditures

The capital expenditures in the six months ended June 30, 2009 and 2008 are set out as below. Our capital expenditures were used primarily for plant construction and purchase of equipment to expand our production capacity. The table below sets forth the breakdown of our capital expenditures by use for the periods indicated.

	Six months Ended June 30,	
	2009	2008
	(in thousands)	
Construction costs	2,552	\$ 375
Purchase of equipment	\$ 4,233	\$ 564
Total capital expenditures	\$ 6,785	\$ 939

We estimate that our total capital expenditures in fiscal year 2009 will reach approximately \$10 million: \$6.8 million of which has been used to complete construction of the new plant in Kaifeng and equipment purchase in other two subsidiaries, Zhengdie and Taizhou Taide. \$1 million of which will be used to upgrade Taizhou Taide's production technology and equipment, which we expect will increase Taizhou Taide's existing production capacity by 50%, and the \$2.0 million be used for purchase of new equipment (e.g., equipment for ultra-supercritical thermal power projects) and production line upgrades for companies we plan to acquire in 2009.

## Obligations Under Material Contracts

The following table sets forth our contractual obligations and commercial commitments as of June 30, 2009:

	Payment Due by Period				
	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(in thousands)				
Short-term loans	3,685	3,685	-	-	-
Bills payable	-	-	-	-	-
Long-term bank loans	-	-	-	-	-
Minimum Lease payments	1,199	171	1,028	-	-
Capital commitments	-	-	-	-	-
Future interest payment on short-term bank loans	36	36	-	-	-
Future interest payment on long-term bank loans	-	-	-	-	-
Total	4,920	3,892	1,028	-	-



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### Make Good Escrow Agreement

In connection with the private placement, our major stockholder Bin Li entered into an escrow agreement with the private placement investors. Pursuant to the escrow agreement which was amended on August 14, 2009, Bin Li agreed to certain “make good” provisions. In the escrow agreement, we established minimum net income thresholds of \$10,500,000 for the fiscal year ended December 31, 2008, \$21,000,000 for the fiscal year ended December 31, 2009 and \$34,000,000 for the fiscal year ended December 31, 2010. Bin Li deposited a total of 12,583,032 shares into escrow with Escrow LLC under the escrow agreement. If the 2008 net income threshold is not achieved, then the escrow agent must deliver the first tranche of 4,194,344 shares to the investors on a pro rata basis (based upon the total number of shares purchased by the investors in connection with the private placement transaction), If the 2009 net income threshold is not achieved, then the escrow agent must deliver the second tranche of 4,194,344 shares to the investors on a pro rata basis and if the 2010 net income threshold is not achieved, the escrow agent must deliver the second tranche of 4,194,344 shares to the investors on a pro rata basis. However, only those private placement investors who remain our stockholders at the time the escrow shares become deliverable are entitled to their pro rata portion of such escrowed shares.

For the year ended December 31, 2008, the Company’s net income (prior to any compensation charge related to release of the shares from escrow) was \$10,762,129 which met the earnings target for 2008 of net income of \$10,500,000. Accordingly, the Company released 4,194,344 shares from the escrow to Bin Li.

Other than the contractual obligations and commercial commitments set forth above, we did not have any other long-term debt obligations, capital commitments, purchase obligations or other long-term liabilities as of June 30, 2009.

### Critical Accounting Policies

Our consolidated financial information has been prepared in accordance with U.S. GAAP, which requires us to make judgments, estimates and assumptions that affect (1) the reported amounts of our assets and liabilities, (2) the disclosure of our contingent assets and liabilities at the end of each fiscal period and (3) the reported amounts of revenues and expenses during each fiscal period. We continually evaluate these estimates based on our own historical experience, knowledge and assessment of current business and other conditions, our expectations regarding the future based on available information and reasonable assumptions, which together form our basis for making judgments about matters that are not readily apparent from other sources. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

When reviewing our financial statements, the following should also be considered: (1) our selection of critical accounting policies, (2) the judgment and other uncertainties affecting the application of those policies, and (3) the sensitivity of reported results to changes in conditions and assumptions. We believe the following accounting policies involve the most significant judgment and estimates used in the preparation of our financial statements.

### Revenue Recognition

The Company’s revenue recognition policies are in compliance with Staff Accounting Bulletin 104. Sales revenue is recognized when all of the following have occurred: (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the price is fixed or determinable, and (iv) the ability to collect is reasonably assured. These criteria are generally satisfied at the time of shipment when risk of loss and title passes to the customer.

The Company recognizes revenue when the goods are delivered and title has passed. Sales revenue represents the invoiced value of goods, net of a value-added tax (VAT). All of the Company's products that are sold in the PRC are subject to a Chinese value-added tax at a rate of 17% of the gross sales price or at a rate approved by the Chinese local government. This VAT may be offset by the VAT paid by the Company on raw materials and other materials included in the cost of producing the finished product.

#### Foreign Currency Translation and Other Comprehensive Income

The reporting currency of the Company is the US dollar. The functional currency of our Chinese operating entities High Pressure Valve and Zhengdie Valve is the Renminbi (RMB).

For the subsidiaries whose functional currencies are other than the US dollar, all assets and liabilities accounts were translated at the exchange rate on the balance sheet date; shareholders' equity is translated at the historical rates and items in the income and cash flow statements are translated at the average rate for the year. Because cash flows are calculated based using the average translation rate, amounts related to assets and liabilities reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheet. Translation adjustments resulting from this process are included in accumulated other comprehensive income in the statement of shareholders' equity. The resulting translation gains and losses that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in the results of operations as incurred.

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Accumulated other comprehensive income in the consolidated statement of shareholders' equity amounted to \$6,077,912 and \$6,158,977 as of June 30, 2009 and December 31, 2008, respectively. The balance sheet amounts with the exception of equity at June 30, 2009 and December 31, 2008 were translated at 6.83 RMB and 6.82 RMB to \$1.00 USD, respectively. The average translation rates applied to income and cash flow statement amounts for the six months ended June 30, 2009 and 2008 were 6.82 RMB and 7.05 RMB to \$1.00, respectively.

### Income Taxes

The Company follows Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109) that requires recognition of deferred income tax liabilities and assets for the expected future tax consequences of temporary differences between the income tax basis and financial reporting basis of assets and liabilities. Provision for income taxes consists of taxes currently due plus deferred taxes. Because the Company had no operations within the United States there is no provision for US income taxes and there are no deferred tax amounts as of June 30, 2009 and 2008.

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of assessable tax profit. In principle, deferred tax liabilities are recognized for all taxable temporary differences, and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recorded in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The Company adopted FASB Interpretation 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48"), as of January 1, 2007. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The adoption of FIN 48 had no effect on the Company's financial statements.

### Warranties

We typically warranty all of our products. It is the Company's policy to replace parts if they become defective within one year after deployment at no additional charge. Historically, failure of product parts due to materials or workmanship is rare. Therefore, at June 30, 2009 and June 30, 2008, the Company made no provision for warranty claims for our products. Management continuously evaluates the potential warranty obligation. Management will record the expenses related to the warranty obligation if the estimated amount becomes material at the time revenue is recorded.

### Concentration Risks

The Company's operations are carried out in the PRC. Accordingly, the Company's business, financial condition and results of operations may be influenced by the political, economic and legal environment in the PRC, and by the

general state of the PRC's economy. The Company's operations in the PRC are subject to specific considerations and significant risks not typically associated with companies in North America and Western Europe. The Company's results may be adversely affected by changes in governmental policies with respect to laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation, among other things.

Certain financial instruments may subject the Company to concentration of credit risk. The Company maintains bank deposits within state-owned banks within the PRC and Hong Kong. Balances at financial institutions of state owned banks within the PRC are not covered by insurance. As of June 30, 2009 and December 31, 2008, the Company's cash and restricted cash balances, totaling \$20,727,084 and \$11,984,233, respectively at those dates, were not covered by insurance. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant risks on its cash in bank accounts.

Five major suppliers represented approximately 22% and 44% of the Company's total purchases for the three months ended June 30, 2009 and 2008, respectively. For the six months ended June 30, 2009 and 2008, five major suppliers represented approximately 20% and 37% respectively of the Company's total purchases. Five major customers represented approximately 14% and 21% of the Company's total sales for the three months ended June 30, 2009 and 2008, respectively. For the six months ended June 30, 2009 and 2008, five major customers represented approximately 14% and 21%, respectively of the Company's total sales.

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## Accounts Receivable and Allowance For Doubtful Accounts

The Company's business operations are conducted in the PRC. During the normal course of business, the Company extends unsecured credit to its customers by selling on various credit terms. Management reviews its accounts receivable on a quarterly basis to determine if the allowance for doubtful accounts is adequate. An estimate for doubtful accounts is recorded when collection of the full amount is no longer probable. The Company's existing reserve is consistent with its historical experience and considered adequate by the management.

## Fair Value of Financial Instruments

The Company adopted SFAS No. 157, "Fair Value Measurements" on January 1, 2008. SFAS No. 157 defines fair value, establishes a three-level valuation hierarchy for disclosures of fair value measurement and enhances disclosure requirements for fair value measures. The carrying amounts reported in the balance sheets for receivables and payables qualify as financial instruments and are a reasonable estimate of fair value because of the short period of time between the origination of such instruments and their expected realization and their current market rate of interest. The three levels are defined as follows:

Level 1 inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the assets or liability, either directly or indirectly, for substantially the full term of the financial instruments.

Level 3 inputs to the valuation methodology are unobservable and significant to the fair value.

The Company analyzes all financial instruments with features of both liabilities and equity under SFAS 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity," SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," EITF 00-19, "Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock" and EITF 07-5 "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock." Paragraph 11(a) of SFAS 133 "Accounting for Derivatives and Hedging Activities" specifies that a contract that would otherwise meet the definition of a derivative but is both (a) indexed to the Company's own stock and (b) classified in stockholders' equity in the statement of financial position would not be considered a derivative financial instrument. EITF 07-5 provides a two-step model to be applied in determining whether a financial instrument or an embedded feature is indexed to an issuer's own stock and thus able to qualify for the SFAS 133 paragraph 11(a) scope exception. All warrants issued by the Company are denominated in U.S. dollars; because the Company's functional currency is the Renminbi, the Company accounts for these warrants as derivative instrument liabilities and marks them to market each period. Because there is no quoted or observable market price for the warrants, the Company used level 3 inputs for its valuation methodology.

The Company invested in China Perfect Machinery Industry Co., Ltd. in 1996 and Kaifeng Commercial Bank in 1997. There is no quoted or observable market price for these investments; therefore, the Company used level 3 inputs for its valuation methodology. Based on its proportionate share of the underlying book value of the investees, the Company believes the fair value of the investments is at least equal to the original cost. The determination of the fair value was based on the capital investment that the Company contributed. There has been no change in the carrying value since inception, other than the effects of translating the balances to US dollars.

Carrying Value as of  
June 30, 2009

Fair Value Measurements at June 30, 2009  
using Fair Value Hierarchy

Level 1

Level 2

Level 3

Investments	\$	763,472	\$	763,472
Warrant liabilities	\$	568,913	\$	568,913

Except for the warrant liability and investments, the Company did not identify any other asset and liability that are measured at fair value on a recurring basis in accordance with SFAS 157.

#### Long Term Investment

The Company invested in China Perfect Machinery Industry Co., Ltd. in 1996 and Kaifeng Commercial Bank in 1997. The Company owns approximately 0.14% of China Perfect Machinery Industry Co. Ltd. and approximately 4.01% of Kaifeng Commercial Bank. The Company does not have the ability to exercise control over the investee companies and the investments have been recorded under the cost method.

The Company periodically evaluates potential impairment whenever events or changes in circumstances indicate that the carrying amount of the investments may not be recoverable. For investments carried at cost, the Company recognizes impairment of long term investments in the event that the carrying value of the investment exceeds our proportionate share of the net book value of the investee. As of June 30, 2009, management believes no impairment charge is necessary.

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### Goodwill

We test goodwill for impairment annually and whenever events or circumstances make it more likely than not that impairment may have occurred, such as a significant adverse change in the business climate or a decision to sell or dispose of all or a portion of a reporting unit. Our operating subsidiaries are considered separate reporting units for purposes of this evaluation. Determining whether an impairment has occurred requires valuation of the respective reporting unit, which we estimate using a discounted cash flow method. In applying this methodology, we rely on a number of factors, including actual operating results, future business plans, economic projections and market data.

We test other identified intangible assets with defined useful lives and subject to amortization by comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. We test any other intangible assets with indefinite lives annually for impairment using a fair value method such as discounted cash flows.

### Stock Based Compensation

The Company applies Statement of Financial Accounting Standards No. 123R “Accounting for Stock-Based Compensation” (“SFAS 123R”), which defines a fair-value-based method of accounting for stock based employee compensation and transactions in which an entity issues its equity instruments to acquire goods and services from non-employees. Stock compensation for stock granted to non-employees has been determined in accordance with SFAS 123R and the Emerging Issues Task Force consensus in Issue No. 96-18, “Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling Goods or Services” (“EITF 96-18”), as the fair value of the consideration received or the fair value of equity instruments issued, whichever is more reliably measured. SFAS 123R allows the “simplified” method to determine the term of employee options when other information is not available.

### Changes in Accounting Standards

In January 2009, the FASB issued FSP EITF 99-20-1, “Amendments to the Impairment Guidance of EITF Issue No. 99-20, and EITF Issue No. 99-20, Recognition of Interest Income and Impairment on Purchased and Retained Beneficial Interests in Securitized Financial Assets” (“FSP EITF 99-20-1”). FSP EITF 99-20-1 changes the impairment model included within EITF 99-20 to be more consistent with the impairment model of SFAS No. 115. FSP EITF 99-20-1 achieves this by amending the impairment model in EITF 99-20 to remove its exclusive reliance on “market participant” estimates of future cash flows used in determining fair value. Changing the cash flows used to analyze other-than-temporary impairment from the “market participant” view to a holder’s estimate of whether there has been a “probable” adverse change in estimated cash flows allows companies to apply reasonable judgment in assessing whether an other-than-temporary impairment has occurred. The adoption of FSP EITF 99-20-1 did not have a material impact on the consolidated financial statements because all of the investments in debt securities are classified as trading securities.

In April 2009, the FASB issued three related FASB Staff Positions: (i) FSP FAS No. 115-2 and FAS No. 124-2, Recognition of Presentation of Other-Than-Temporary Impairments (“FSP FAS 115-2 and FAS 124-2”), (ii) FSP FAS No. 107-1 and APB No. 28-1, Interim Disclosures about Fair Value of Financial Instruments (“FSP FAS 107-1 and APB 28-1”), and (iii) FSP FAS No. 157-4, Determining the Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (“FSP FAS 157-4”), which are effective for interim and annual reporting periods ending after June 15, 2009. FSP FAS 115-2 and FAS 124-2 modifies the requirement for recognizing other-than-temporary impairments, changes the existing impairment model, and modifies the presentation and frequency of related disclosures. FSP FAS 107-1 and APB 28-1 require disclosures about fair value of financial instruments for interim reporting periods as well as in annual financial

statements. FSP 157-4 requires new disclosures regarding the categories of fair value instruments, as well as the inputs and valuation techniques utilized to determine fair value and any changes to the inputs and valuation techniques during the period. The adoption of these FASB Staff Positions did not have a material impact the Company's consolidated financial statements.

In May 2009, the FASB issued SFAS No. 165, "Subsequent Events." SFAS No. 165 establishes the period after the balance sheet date during which management of a reporting entity should evaluate events or transactions that may occur for potential recognition or disclosure in the financial statements; the circumstances under which an entity should recognize events or transactions occurring after the balance sheet date in its financial statements; and the disclosures that an entity should make about events or transactions that occurred after the balance sheet date. We adopted this standard during the second quarter of 2009. FAS 165 requires that public entities evaluate subsequent through the date that the financial statements are issued. We have evaluated subsequent events through the date the financial statements were issued.

In June 2009, the FASB issued SFAS No. 166, "Accounting for Transfers of Financial Assets—an amendment of FASB Statement No. 140." SFAS No. 166 eliminates the concept of a "qualifying special-purpose entity" and clarifies the determination of whether a transferor and all of the entities included in the transferor's financial statements being presented have surrendered control over transferred financial assets. SFAS No. 166 requires that a transferor recognize and initially measure at fair value all assets obtained (including a transferor's beneficial interest) and liabilities incurred as a result of a transfer of financial assets accounted for as a sale. Enhanced disclosures are required to provide financial statement users with greater transparency about transfers of financial assets and a transferor's continuing involvement with transferred financial assets. This statement will not have an impact on the Company's financial statements.

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In June 2009, the FASB issued SFAS No. 167, “Amendments to FASB Interpretation No. 46(R)” (“SFAS No. 167”). SFAS No. 167 amends FIN 46(R), “Consolidation of Variable Interest Entities (revised December 2003)—an interpretation of ARB No. 51” (“FIN 46(R)”) to require an enterprise to perform a qualitative assessment of whether the enterprise’s variable interest or interests give it a controlling financial interest in a variable interest entity. This assessment identifies the primary beneficiary of a variable interest entity as one with the power to direct the activities of a variable interest entity that most significantly impact the entity’s economic performance and the obligation to absorb losses of the entity that could potentially be significant to the variable interest. SFAS No. 167 will be effective as of the beginning of the annual reporting period commencing after November 15, 2009 and will be adopted by the Company in the first quarter of 2010. The Company is assessing the potential impact, if any, of the adoption of SFAS No. 167 on its consolidated financial statements

In June, 2009 the FASB issued FAS No. 168, The FASB Accounting Standards Codification TM and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162 (FAS 168), which establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with generally accepted accounting principles. FAS 168 explicitly recognizes rules and interpretive releases of the Securities and Exchange Commission (SEC) under federal securities laws as authoritative GAAP for SEC registrants. FAS 168 is effective for financial statements issued for interim and annual periods ending after September 15, 2009. Our Quarterly Report on Form 10-Q for the quarter ending September 26, 2009 and all subsequent public filings will reference the Codification as the sole source of authoritative literature.

### Off-Balance Sheet Transactions

We do not have any off-balance sheet arrangements.

### Seasonality

Our operating results and operating cash flows historically have not been subject to seasonal variations. This pattern may change, however, as a result of new market opportunities or new product introductions.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

### Item 4. Controls and Procedures.

#### Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, Messrs. Siping Fang and Ms. Ichi Shih respectively, evaluated the effectiveness of our disclosure controls and procedures. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports, such as this report, that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their

objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on that evaluation, Mr. Fang and Ms. Shih concluded that despite improvements in areas of previously identified weakness in internal control over financial reporting identified (described below), our disclosure controls and procedures were not effective as of June 30, 2009.

#### Changes in Internal Control over Financial Reporting

The Company's management is focused on compliance with the requirements under Section 404 of the Sarbanes-Oxley Act. The relevant section of the Act requires the management of smaller reporting companies with equity securities listing in the U.S. securities market to issue report and representations as to the internal control over financial reporting. The Company anticipates that it will be fully compliant with Section 404 of the Sarbanes-Oxley Act of 2002 by the required date for smaller reporting companies and it is currently in the process of improving and rectifying its internal control systems in order to be compliant with Section 404 of the Sarbanes-Oxley Act.

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The Company has continuously refined the policies and standards for the control environment based on the risk control framework established in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO”). In the past few months, the Company has: standardized control procedures for monitoring the financial reporting and period end financial closing procedures at the subsidiary and group level and upgraded the business performance review processes and controls; expanded accounting manuals to clearly document key controls and processes for preparing consolidated financial statements in accordance with applicable accounting standards; hired additional accounting professionals with experience in financial reporting and familiarity with international accounting practices and increased technical training for the finance and accounting personnel in respect of relevant accounting standards; established and implemented the code of ethics for senior officers and employees, company-wide anti-fraud policies and whistle blowing mechanisms; enhanced internal controls over subsidiaries by assessing the effectiveness of internal controls at subsidiary-level based on our enterprise risk assessment results and preliminarily formulated long term implementation plan on internal control.

The Company had completed the documentation and implementation of internal control framework in June 2009.

## PART II — OTHER INFORMATION

### Item 1. Legal Proceedings.

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of business. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. We are currently not aware of any such legal proceedings or claims that we believe will have a material adverse affect on our business, financial condition or operating results.

### Item 1A. Risk Factors

Under the New EIT Law, we may be classified as a “resident enterprise” of China. Such classification will likely result in unfavorable tax consequences to us and our non-PRC shareholders.

China passed a new Enterprise Income Tax Law, or the New EIT Law, and its implementing rules, both of which became effective on January 1, 2008. Under the New EIT Law, an enterprise established outside of China with “de facto management bodies” within China is considered a “resident enterprise,” meaning that it can be treated in a manner similar to a Chinese enterprise for enterprise income tax purposes. The implementing rules of the New EIT Law define de facto management as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise.

On April 22, 2009, the State Administration of Taxation issued the Notice Concerning Relevant Issues Regarding Cognizance of Chinese Investment Controlled Enterprises Incorporated Offshore as Resident Enterprises pursuant to Criteria of de facto Management Bodies, or the Notice, further interpreting the application of the New EIT Law and its implementation non-Chinese enterprise or group controlled offshore entities. Pursuant to the Notice, an enterprise incorporated in an offshore jurisdiction and controlled by a Chinese enterprise or group will be classified as a “non-domestically incorporated resident enterprise” if (i) its senior management in charge of daily operation reside or perform their duties mainly in China; (ii) its financial or personnel decisions are made or approved by bodies or persons in China; (iii) its substantial properties, accounting books, corporate chops, board and shareholder minutes are kept in China; and (iv) ½ directors with voting rights or senior management often resident in China. Such resident enterprise would be subject to an enterprise income tax rate of 25% on its worldwide income and must pay a withholding tax at a rate of 10% when paying dividends to its non-PRC shareholders. However, it remains unclear as to whether the Notice is applicable to an offshore enterprise incorporated by a Chinese natural person. Nor are detailed measures on imposition of tax from non-domestically incorporated resident enterprises are

available. Therefore, it is unclear how tax authorities will determine tax residency based on the facts of each case.

However, as our case substantially meets the foregoing criteria, there is a likelihood that we are deemed to be a resident enterprise by Chinese tax authorities. If the PRC tax authorities determine that we are a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. First, we may be subject to the enterprise income tax at a rate of 25% on our worldwide taxable income as well as PRC enterprise income tax reporting obligations. In our case, this would mean that income such as interest on financing proceeds and non-China source income would be subject to PRC enterprise income tax at a rate of 25%. Second, although under the New EIT Law and its implementing rules dividends paid to us from our PRC subsidiaries would qualify as “tax-exempt income,” we cannot guarantee that such dividends will not be subject to a 10% withholding tax, as the PRC foreign exchange control authorities, which enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes. Finally, it is possible that future guidance issued with respect to the new “resident enterprise” classification could result in a situation in which a 10% withholding tax is imposed on dividends we pay to our non-PRC shareholders and with respect to gains derived by our non-PRC shareholders from transferring our shares. We are actively monitoring the possibility of “resident enterprise” treatment for the 2008 tax year and are evaluating appropriate organizational changes to avoid this treatment, to the extent possible.

If we were treated as a “resident enterprise” by PRC tax authorities, we would be subject to taxation in both the U.S. and China, and our PRC tax may not be creditable against our U.S. tax.

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Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

On August 14, 2009, the Company entered into an amendment (the "Amendment") to the Make Good Escrow Agreement (the "Make Good Agreement"), dated as of August 26, 2008, among the Company, Bin Li, Brean Murray Carret & Co., LLC as investor agent and Escrow, LLC, as escrow agent. The Amendment revised the 2009 guaranteed after tax net income the Company was obligated to achieve under the Make Good Agreement from \$23 million to \$21 million and the earnings per share for 2009 was revised from \$0.738 to \$0.668. The Amendment also revised the 2010 guaranteed after tax net income the Company was obligated to achieve from \$31 million to \$34 million and the earnings per share for 2010 was revised from \$0.994 to \$1.082.

Item 6. Exhibits.

EXHIBITS.

10.1 Form of Amendment Number 1 to Make Good Escrow Agreement, dated August 14, 2009,  
\* among China Valves Technology, Inc. Bin Li, Brean Murray Carret & Co., LLC, Investors identified therein and Escrow, LLC.

31.1\* Certification of Principal Executive Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2\* Certification of Principal Financial Officer filed pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1\* Certification of Principal Executive Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2\* Certification of Principal Financial Officer furnished pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\*Filed herewith.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATED: August 14, 2009

CHINA VALVES  
TECHNOLOGY, INC.

/s/ Ichi Shih  
Ichi Shih  
Chief Financial Officer  
(Principal Financial  
Officer)

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